

| <i>Jefferson County Policies & Procedures</i> | | | |
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| Policy Name: | Taxable Fringe Benefits | Approved: | 12/12/2011 |
| Policy Number: | 301 | Author: | Shroyer |
| Associated: | | | |

Taxable Fringe Benefits: The list of items included in the taxable category as defined by the I.R.S. is far more inclusive than most realize. Following is a short list of taxable fringe benefits: work uniforms, paid memberships for gyms, departmental clothing, non-emergency take home vehicles, spouse’s attendance at conferences, and “day meals” paid by the employer for attending luncheons to name just a few. Any of the items listed, if provided to an employee, are deemed taxable and included the individual’s W-2 statement.

DEFINITIONS

Vehicles: County supplied (take home) vehicles may be taxable depending on their use. Vehicles used by Law Enforcement, Homeland Security, and 911 are not taxable. Any vehicle supplied to a worker who is paid to be on-call for after hour’s responsibilities is not a taxable fringe benefit. An individual who takes a car home in order to start their day out the following morning is not subject to these rulings. Any individual who has been issued a take-home vehicle would be subject to the taxable fringe benefit ruling. There are several options to address the issue. One is to charge a commuting fee of \$1.50 per trip. The second option is to determine the lease value for that particular vehicle and add it to the taxable fringe benefit portion of the W-2. Any personal use of a county owned vehicle is must be reimbursed to the county at the prevailing I.R.S. established mileage reimbursement schedule.

Equipment: If equipment is purchased for an employee and is intended to be for their personal use, it is a taxable benefit. It is possible to purchase a computer for an employee to work from home. As long as the equipment is returned to the county upon separation, it is not a taxable fringe benefit. If it is purchase as a benefit for the employee, it is a taxable fringe benefit. Phones lines paid for by the employer in excess of \$600 is a taxable fringe benefit (does not apply to cell phones).

Gifts: These fall into two separate categories, de minimus and taxable. Gifts or awards like plaques, coffee mugs and related items are not considered to have cash value. They would fall in the de minimus category. Retirement or other gifts like a Rolex, gas cards, gift cards, or cash bonuses/stipends are taxable. They would be subject to taxes at their actual cash value and included on the W-2.

POLICY

Uniform/Clothing Allowance: It shall be the policy of Jefferson County Commission to allocate an annual clothing allowance or, depending on the established protocol; the employee will purchase the required clothing and submit an invoice for reimbursement. In some instances (i.e. Animal Control & Maintenance) the uniform is purchased in bulk by the employer. In those instances, the employee will be charged the actual cash value for the clothing. It shall be the responsibility of the individual elected

official/department head to track and report those values to the Finance Office to be included in the W-2 Statement. The uniform/clothing allowance applies to **ALL** clothing other than a Class A uniform. Baseball caps, BDU's, Department specific polo shirts, and shoes (other than those required by OSHA standards) are included in this category. The employees shall be charged the actual cash value for any clothing provided by the employer.

County Owned Take Home Vehicles: The IRS guidelines distinguish the use of county owned take home vehicles in two distinct categories. As indicated previously, emergency vehicles do not fall into the taxable fringe benefit category. County employees who are issued a take home vehicle shall record each commuting trip made on a daily basis (i.e. from home to the work site and from the work site home) and maintain a log of all travel not taken on county business. Mileage for non-county business will be reimbursed to the county at the prevailing IRS rate. Employees who fall into the emergency services category shall maintain a log of all travel incurred. The log shall indicate the nature of the trip. The employee will reimburse the county for any personal use of the vehicle at the prevailing IRS rate.

County Provided Equipment: The County may provide some of their employees with equipment needed to conduct the business of the county. Computer equipment, fax machines, cell phones, paid services to permit remote access, tools, and like materials may be purchased by the County and provided to the employee to conduct their assigned tasks. Any equipment provided to the employee shall be owned by the county and must be returned to the county upon separation. Materials purchased for the employee's personal use shall be considered a taxable fringe benefit and subject to IRS Regulations.

Gifts: Gifts fall into two separate and distinct categories as outlined in the definition section. All gifts meeting the taxable category will be included on the employee's W-2 statement. De minimus gifts have no tax value and will be treated accordingly.