

FI0900 Fringe Benefits and Internal Awards Provided to Employees	
Systemwide Procedures	
Version:0001	Effective Date: 04/01/2023

Objective

To provide procedures for University departments to help facilitate compliance with FI0900 and with federal tax laws and regulations.

Scope

This procedure applies to all departments.

Procedure

- I. Consultation with Payroll
 - A. Departments that provide Fringe Benefits to employees must consult with the System Payroll Office to determine whether a particular Fringe Benefit is taxable. The System Payroll Office will provide the department with guidance, including guidance related to the department maintaining appropriate documentation to support the non-taxable nature of a certain Fringe Benefit.
 - B. If Payroll determines that a particular Fringe Benefit is taxable, the department must report the Fringe Benefit to Payroll.
- II. Fair Market Value
 - A. Generally, the IRS will tax Fringe Benefits at fair-market value. According to the IRS, fair-market value is the price that a willing buyer would pay an unrelated willing seller, neither one forced to conduct the transaction and both having reasonable knowledge of the facts.
 - B. In many cases, the cost and the fair-market value are the same.
- III. Reporting Taxable Fringe Benefits
 - A. Departments must use the Taxable Fringe Benefit Form when reporting taxable Fringe Benefits to Payroll, unless Payroll advises otherwise or unless another policy requires a separate form.
 - B. Departments must include documentation to support the taxable value that will be included in the employee's income.
- IV. Taxable Amount

- A. The System Payroll Office has final authority to determine the amount of a taxable Fringe Benefit.

Penalties/Disciplinary Action for Non-Compliance

Failure to comply with this procedure could result in tax consequences for the University and individual employees. Also, failure to comply with this procedure could result in adverse human resources actions, up to and including termination.

Responsible Official & Additional Contacts

Subject Matter	Office Name	Telephone Number	Email/Web Address
Policy Clarification and Interpretation	[Office Name]	[Department Telephone]	[Department Email]

Related Policies/Guidance Documents

FI0910 - Taxability of Graduate Tuition Waiver for Employees