

# Welcome!



Dominion Payroll™  
*Empowering Your Business*

# Fringe Benefits

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# Fringe Benefits – The Basics

Who?

- [customerservice@dominionpayroll.com](mailto:customerservice@dominionpayroll.com)

What?

- Bonuses, Distributions and Fringe Benefits

When?

- Before your last payroll of 2017 (please contact DP regarding delays)

Where?

- Office, Home, Out & About or anywhere you have wifi access

Why?

- Accurate W-2s make for a drama free New Year!

# Fringe Benefits

“Fringe Benefits” is a catch-all term used to refer to many different types of non-cash employee compensation items that are often reported as lump sums at the end of the calendar year

Common Fringe Benefits include:

- Group Term Life
- Insurance Premiums paid by the Employer
- Personal use of company car and/or auto allowances
- Rent paid by employer
- Tuition assistance
- Moving allowances
- Gift Cards or any other taxable compensation

\*Refer to IRS publication 15-B



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# Group Term Life (GTL)

GTL coverage is taxable to the employees if the following scenario is present:

- The policy covers the employee and the value of policy is greater than \$50,000
- The policy covers an employee's dependents and the value is greater than \$2,000
- The employer pays the insurance premiums on the employee's behalf

The value of the GTL is calculated using the IRS Premium Table that factors in an employee's age and the taxable value of the coverage over and above the limits stated above

When in doubt...Ask our Customer Service team for more info on how iSolved can automate GTL calculations!



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# Employer-paid insurance for owners

If an “employee” is actually a 2% or more shareholder in an S-Corp, IRS rules do not allow them to have pre-tax medical, dental, etc.

Here’s how it’s handled:

- The employee may have post-tax deductions made from their check
- or
- The employer may pay the insurance premium on the employee’s behalf
  - If the employer pays the insurance premium on behalf of the shareholder, the amount of the insurance premium paid is reported as taxable in boxes 1 and 14 (where state tax is applicable)

# Auto allowances

There are several different methods for calculating the value of the vehicle-related benefits to employees

Here's what you need to know:

- Non-business use of a company car is taxable
- Cash allowances given to an employee related to use of their personal car is taxable
- The employee may document business-related use of their personal car as a write-off, which would then reduce the taxable amount of the cash allowance given

# General Rules of Thumb

Typically, our clients will work with their CPA or Accounting Department, then provide DP with the taxable amounts that need to be recorded. The part that's up to us is putting it in the right buckets and taxing appropriately!

- Fringe benefits are often taxable for all taxes, but a common practice is to actively withhold only FICA and Medicare and let the employee deal with the withholdings when they file in the Spring
- Some employers will gross-up the fringe benefits (usually putting the gross-up dollars in OTHER earnings), some will have the employee pay FICA and Medicare out of their normal pay





# Bonus Payrolls

# Types of Bonus Payrolls

Shareholder  
Distributions

Holiday  
Bonuses

Gift Cards

Performance  
Bonuses



# Questions we might ask...

- How will you enter the bonus pays?
- How are you scheduling the bonus payroll?
- How will the employees be paid their bonuses?
- Who will cover the taxes on the employee bonuses?
- What deductions will you take from the bonuses?
- When should employees see their electronic check stubs for the bonuses?

For more information, see the  
2017 Year End Guide or just ask:

[customerservice@dominionpayroll.com](mailto:customerservice@dominionpayroll.com)

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