LENAPE AREA VOCATIONAL TECHNICAL SCHOOL

SECTION: FINANCES

TITLE: TAXABLE FRINGE BENEFITS

ADOPTED: April 20, 2017

REVISED:

624. TAXABLE FRINGE BENEFITS

1. Authority
   26 U.S.C. 1 et seq

It shall be the policy of the Joint Operating Committee to comply with regulations of the Internal Revenue Service (IRS) regarding taxability of employee fringe benefits.

2. Definitions

Taxable fringe benefit – a form of pay, in addition to salary, for the performance of duties; taxable wages unless excluded by the Internal Revenue Service.

Convenience of the school – where the personal use was in the best interest of the school

De minimis – an amount where either the cost of determining specific value exceeds the value of the use, or the actual cost of the use was negligible at the organizational level.

3. Delegation of Responsibility

The Administrative Director or appropriate personnel designated by the Administrative Director shall be responsible to ensure that employees verify the use of school equipment for business purposes and report any use or fringe benefits that may be taxable as compensation.

The employee verification process shall occur monthly prior to payment of bills.

The Administrative Director or appropriate personnel designated by the Administrative Director shall report the value of taxable fringe benefits with the regular payroll for the payroll immediately following the determination of taxable fringe benefits.

The Administrative Director or appropriate personnel designated by the Administrative Director shall annually review the determinations of convenience of the school and de minimis amount to ensure compliance with federal regulations. The review may include discussions with the school's auditor.

4. Guidelines

To the extent that a taxable fringe benefit value is provided as either convenience of the school or the amounts are classified as de minimis, the values may be excluded from taxation.

	Taxable fringe benefits are subject to: 1. Federal Income Tax. 2. Social Security Tax. 3. Medicare Tax. 4. Other applicable state or local taxes. The employee verification process shall occur at least monthly prior to payment of bills. An employee has the option to reimburse the school for the value of services received. Where no reimbursement is received, the value of the services shall be treated as taxable compensation. Taxable fringe benefits include but are not limited to Group life insurance in excess of $50,000. NOTES: SC 1164 – administrators' compensation includes fringe benefits If a school has three (3) employee sections, remember to change the policy cites in the policy and references.