

Taxable Fringe Benefit Procedure

Fringe Benefit	Legal Authority	UH Procedure
<p style="text-align: center;">Auto Allowance</p>	<p>Direct Payroll payments to employees to lease or purchase an automobile are considered 100 percent taxable income, even if the automobile is used in part for business purposes. If dealership FMV of automobile, personal use by employee determines taxability.</p>	<p>Fixed Payroll payments, additional wages, with are made on a monthly basis. For dealership autos, IRS fair market value of the auto determined, estimate for year, monthly taxable wages to employee. At year end, effected employees will be contacted by the Tax Department and must furnish the necessary information for computing a taxable income allocation for estimate to actual calculation.</p>
<p style="text-align: center;">Awards, Prizes, and Gifts</p>	<p>Cash awards, prizes, and gifts to employees of any amount are taxable. Non-cash awards/prizes/gifts greater than \$50 or cash equivalent (i.e., gift certificates) of any amount are also taxable</p>	<p>These payments are paid through Payroll or Accounts Payable. Must complete Exhibit B and route through Payroll on an ePAR or upload to the voucher and route through tax workflow in Accounts Payable. See Exhibit A for additional guidelines, as well as the employee length of service and safety awards.</p>
<p style="text-align: center;">Club Memberships, Personal Use</p>	<p>The personal use of club membership dues provided by the component university is included in an employee's gross income and is subject to employment taxes.</p>	<p>The amount of the personal use relating to the membership dues will be determined by the Tax Department by examining personal/business charges on the payment vouchers for the membership dues. Club memberships must be approved by the Chancellor/President or designee</p>
<p style="text-align: center;">Communication Allowance</p>	<p>Direct payments to employees for wireless communication devices and Internet services are considered taxable compensation and accordingly are subject to employment tax withholding (see SAM 03.A.19).</p>	<p>The Department determines who requires a communication allowance with an ePAR through Payroll. A communication allowance is not considered an entitlement, is not part of an employee's base salary, and may be changed and/or withdrawn by the System at any time.</p>
<p style="text-align: center;">Discounts Greater than 20 Percent</p>	<p>Discounts to employees for component university events, products, or services that exceed 20 percent of the price offered to the general public are normally taxable. However, these discounts are not taxable if the component university can demonstrate that these discounts do not result in an increased cost to the component.</p>	<p>The Tax Department is responsible for monitoring the taxability.</p>

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Housing Allowance	Direct payments to employees to cover housing or utility costs are considered 100 percent taxable income to the employee	These payments are paid through Payroll by an ePAR. Housing paid by the component university directly to an apartment complex or mortgage company or otherwise provided by the component university may be excluded from the employee's income, see SAM 03.D.06 for the conditions that have to be met to qualify for that exclusion.
Human Subject Testing	Direct payments to employees for participating in component university-sponsored research studies or programs are taxable	The direct payments to employees are paid through Payroll. Payments to third parties (i.e., Principal Investigator [PI]) who in turn pay employees are paid through Accounts Payable on a voucher and the payment is recorded as income on the employee's earnings statement. For non-employees, non-taxable payments to human subjects include travel (account 54817) and other expense (account 54818) reimbursements, which are paid through Accounts Payable and not reported on Exhibit B.
Insurance Premium, Key Employees	Life insurance policies provided by the component university for key employees, is taxable to employees. The rules governing the amount of income subject to employment taxes are dependent upon the type of insurance policy provided.	These payments are paid through Accounts Payable and result in income to the employee. The Tax Department is responsible for monitoring the taxability of these premium payments.
Moving Expenses	All moving relocation expenses while in transit to new job location, are considered taxable to the employee.	These payments are paid through Account Payable and in the Concur Travel Management System. See specific payment instructions posted on the Tax Department's website http://www.uh.edu/finance/pages/tax_info.htm
Non-Overnight Meals	Meal expenses incurred while traveling within Texas or outside of Texas for only one day, without staying in a hotel overnight, are taxable if reimbursed.	These expenses should be recorded with other travel expenses on the same voucher and reimbursed through Accounts Payable. Include the Exhibit B with the voucher and route through tax workflow for approval.

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<p style="text-align: center;">Other Taxable Wages</p>	<p>Includes taxable fringe benefits to employees not included elsewhere on Exhibit B that have been approved for payment or reimbursement by the Chancellor or designee. Other taxable wages also include reimbursements to employees past the 60 day deadline.</p>	<p>Payment will be made through Payroll or Accounts Payable, whichever is appropriate, and coordinated through the Tax Department.</p>
<p style="text-align: center;">Spousal/Family Travel, Non-Business</p>	<p>If spousal or other family member(s) travel expenses do not qualify as a working condition fringe benefit, the component university payment or reimbursement will be considered to be wages subject to employment taxes.</p>	<p>Guidance for spousal travel qualifying as a working condition fringe benefit is provided in SAM 03.A.21 - Employee's Family Travel Expenses</p>
<p style="text-align: center;">Travel Advances, Delinquent</p>	<p>Travel advances paid to employees must be accounted for within 120 days after the trip ends or the advance is considered taxable income to the employee.</p>	<p>Accounting for an advance includes completing a travel voucher (or other document required by the component university) with an itemization of travel expenses, providing required receipts and supporting documentation for travel expenses, and returning any portion of the advance to the component university that is greater than allowable, out-of-pocket travel expenses.</p>
<p style="text-align: center;">Tuition Reimbursement, Not-Job-Related</p>	<p>If the component university's reimbursement of tuition to an employee is for training or education related to their current position, the reimbursement is non-taxable.</p>	<p>However, if the training or education is not job-related, the reimbursement will be considered wages subject to employment taxes. See SAM 03.A.26 - Employee Training Program for reporting requirements related to employee training programs lasting three months or more.</p>