

# SENSIBA SAN FILIPPO LLP

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

The following is a summary of the filing requirements for employee fringe benefits as of December 31, 2016. *Please read this letter carefully and in its entirety. If you carry company owned vehicles on your books, this letter requires your immediate attention.*

## Fringe Benefits

A fringe benefit is a form of pay for the performance of services. For example, you provide an employee with a fringe benefit when you allow the employee to use a business vehicle to commute to and from work. Employers are required to include the value of certain fringe benefits as income on an employee's Form W-2 (Wage and Tax Statement).

The fringe benefit income inclusion items may be aggregated with the employee's salary and included in one Form W-2, or may be included in a separate Form W-2. **The fringe benefit income inclusion amount is subject to payroll withholdings and the amount must be included in a payroll processing prior to the end of the year.**

We have provided a partial list of reportable fringe benefits on page 2 of this letter.

**Amounts Which Must Be Included in an Employee's W-2 Gross Wages  
And  
Which Are Subject to Employment Taxes  
(Not All Inclusive)**

**Most Common:**

1. Personal use of Company automobile
2. Employer paid group term life insurance for coverage exceeding \$50,000
3. Nonqualified moving expense reimbursements
4. Transit passes and employer-provided transportation exceeding \$255 per month
5. Qualified parking exceeding \$255 per month
6. Qualified bicycle commuting exceeding \$20 per month
7. Meals and lodging, if not provided for employer's convenience
8. Employee Achievement Awards exceeding \$1,600 for qualified plan awards (\$400 for nonqualified awards)

**Less Common:**

9. Personal use of employer provided aircraft
10. Interest on below market employee loans (Sec. 7872)
11. Employer paid IRA contributions
12. Profit realized on premature sale of stock acquired under an incentive stock option plan
13. Discriminatory employer provided group health insurance that does not qualify for exclusion from gross income
14. Excess medical reimbursement for discriminating self-insured plans
15. Employer-provided educational assistance exceeding \$5,250
16. Dependent care assistance exceeding \$5,000 (\$2,500 for married employee filing separate return)
17. Adoption assistance

**In addition to the above items, the following must be included in a >2% S Corporation shareholder's W-2:**

**Most Common:**

18. Employer paid accident and health plan premiums
19. All employer paid life insurance premiums

**Less Common:**

20. Sec. 125 Cafeteria benefit plan amounts
21. Employee Achievement Awards
22. Adoption assistance
23. Moving expenses