POLICY

.100 POLICY STATEMENT

A "fringe benefit," generally speaking, is any benefit that is provided to an employee by their employer other than salary or wages. Unless they are exempted in the Internal Revenue Code (IRC), fringe benefits are included in an employee's gross income. When included in gross income, they are processed through the payroll and are subject to income tax and FICA tax withholdings.

Exclusions related to a variety of fringe benefits are addressed in IRC 132. This code section describes six categories of benefits that may qualify for exclusion from the employee's income provided their restrictive criteria are met. The six categories are: (1) no-additional-cost services, (2) qualified employee discount, (3) working condition fringes, (4) de minima fringes, (5) qualified transportation fringes, and (6) qualified moving expenses reimbursements. This code section also establishes exclusionary rules for certain eating facilities and athletic facilities. Some
benefits that may be excluded from an employee's income are addressed in other sections of the code. For example education assistance in IRC 117 and 127.

This policy supercedes FASOM Section 10.95: Compensation -- Fringe Benefits -- Other Fringe Benefits. No substantive changes were made to the content of this policy.

.110 POLICY RATIONALE

OUS seeks to ensure that the policies and procedures related to fringe benefits are documented, communicated, clearly understood, and consistently applied.

.120 AUTHORITY

- ORS 351.085 - Duties and Powers of Chancellor
- ORS 352.002 - Oregon University System
- Internal Revenue Code § 132

.130 APPROVAL AND EFFECTIVE DATE OF POLICY

Published in the OUS Financial Administration Standard Operating Manual (FASOM) December 1, 2000. Reformatted in the Fiscal Policy Manual (FPM) format and approved by the Associate Vice Chancellor for Finance and Administration/Controller on July 7, 2010. No substantive changes were made to the content of this policy.

.140 KNOWLEDGE OF THIS POLICY

All Chancellor’s Office and institutional personnel with payroll, human resources, and related responsibilities should be knowledgeable of this policy.

.170 PAYROLL PROCESSING

It is essential that all fringe benefits be carefully examined in advance of being provided to ensure that, if not excluded by the IRC, they are being properly processed through the payroll system, included in the employee's income and that required tax withholdings are being made.

In general, the amount considered income is the amount by which the fair market value of the benefit exceeds the sum of what the employee paid for the benefit plus any amount the IRC excludes.

.690 CONTACT INFORMATION

Direct questions about this policy to the following offices:

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<td>General questions from institutional personnel</td>
<td>Institution Office of Business Affairs</td>
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General questions from institutional central administration and Chancellor's Office personnel

Chancellor's Office - Controller's Division

.695 HISTORY

12/01/2000 - Approved for FASOM

07/07/2010 - Reformatted

Policy Last Updated: 07/07/10

APPENDIX

None