

Fringe Benefit App –FAQ

De Minimis Rules

- What is the annual de minimis limit?

The annual de minimis limit is **\$100 per calendar year**. All benefits are **cumulative**, and Payroll monitors totals. Once an employee exceeds \$100, the benefits become taxable.

- Do we report all potentially taxable fringe benefits, even if they may be IRS-excludable?

Yes. All potentially taxable fringe benefits should be reported. Payroll determines taxability based on **cumulative totals** and **IRS rules**.

- Is the de minimis limit higher for length-of-service or retirement awards?

Yes. IRS rules allow a **\$400** threshold for length-of-service or retirement awards.

- Do flowers sent to an employee for a death in the family, or another major life event need to be included on the Fringe Benefit form?

No. Under IRS guidance, items that are low in value, infrequent, reasonable, and provided for personal reasons (customary expected/sympathy/condolence) rather than compensation qualify as de minimis fringes. Sympathy flowers fit squarely in this category. You are not expected to enter those items into the app.

- Do T-shirts given to employees for an event need to be reported?

If the T-shirts are returned after the event: They are not reportable and not taxable (no fringe benefit and no app entry). Returned T-shirts are treated as temporary, job-required uniforms or equipment.

If the T-shirts are kept by the employee: They are potentially a reportable fringe benefit and should be entered in the Fringe Benefits app so taxability can be determined. T-shirts that are kept by employees typically provide personal value, as they are apparel reasonably wearable outside of work, and therefore may constitute taxable fringe benefits.

Meals, Events, and Tickets

- Are team lunches that are paid for with foundation funds taxable?
If the lunch has a **valid business purpose** and is properly justified, it does **not** need to be entered into the app and is generally **not taxable**.
- Are departmental meals required to be reported if the fringe benefit application?
If the meal is for a **valid business purpose**, it may not need to be entered. When in doubt, verify with Payroll.
- Are sporting event tickets taxable?
Sporting event tickets are generally **taxable** unless they qualify for an IRS exemption. Example: Two tickets for one game during a season may still be taxable unless they meet the “occasional and infrequent” standard.
- Can football tickets for external Advisory Board members be reported in the system?
Yes, if the individual has a “9” number. However, because they are not employees, they will typically receive a 1099 form.

Gifts, Awards, and Promotional Items

- Do physical award plaques need to be reported?
No. If the plaque includes the recipient’s name and **cannot be resold**, it does not need to be entered.
- Do promotional items given to employees need to be reported?
 - If the item is given **with a valid business purpose**, it generally does **not** need to be tracked.
 - If the item is a **giveaway or gift** (swag, t-shirts, etc.) without a business purpose, it **must** be reported.
- Do scholarships awarded through Scholarship Central need to be entered?
No. Scholarships awarded through Scholarship Central from private funds are covered by the university’s **1098** reporting and do not need to be entered.

Vehicles

- Is picking up a Fleet Services vehicle early for business travel taxable?

Generally, **no**, as long as the vehicle is used **strictly for business** and there is **no personal use**.

Emburse Transactions

- Do items processed through Chrome River need to be reported in the app?

No. Any taxable items processed through **Emburse** are automatically routed to Payroll for taxation. The Fringe Benefit App is for items **not** processed through Emburse.

Taxation & Payroll Processing

- How do taxable fringe benefits appear on paychecks?

They appear as **non-cash taxable earnings** on the employee's pay stub.

- Can departments choose the method of taxation (gross-up)?

Departments may choose to gross-up, but they must cover the cost using **Foundation funds**.

- What happens if something is reported twice?

Payroll reviews all submissions and removes duplicates before determining taxability.

Third-Party Gifts & Fellowships

- How are gifts or fellowship payments from third parties handled?

If the university is **not involved** in selecting the recipient, the **third party** is responsible for reporting the payment. This applies even when:

- the value is unknown, or
- the payment is sent to a department rather than directly to the employee.

Departmental Use of E&G Funds

- If we purchase t-shirts or swag with E&G funds and have a business purpose, do we need to track them?

Departments must report on all employee giveaways, regardless of the funding source. Payroll will assess whether the items are taxable once an employee's total value of received items reaches the de minimis threshold.