



Reporting of Insurance and other Fringe Benefits

1. Reporting Health insurance with the new ACA requirements.
2. Reporting Life insurance
3. Personal use of company auto
4. Accountable plans and allowances

ACA Health Insurance Reporting Requirements



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- Employers to report the cost of coverage under an employer-sponsored group health plan.
 - Includes businesses, tax-exempt organizations, and federal, state and local government entities
- Amounts are reported on W2
 - Approved valuation methods (Total cost of insurance)
 - 250 or more W-2 issued
- Applicable Large Employer – (ALE) 2015 Employer reporting on forms 1095 B, C
 - ALE = average of at least 50 full-time employees on business days during the preceding calendar year

IRS Notice 2011-1 (Section II, paragraph 3)

“(2) in the case of a non-Federal

governmental group health plan, civil money penalties under title XXVII of the PHS Act (generally up to \$100 per day per individual for each day the plan does not comply with the requirement, also not applicable in limited circumstances)”

IRS Notice 2015-17 (Section II, Question 1)

“the excise tax under Code § 4980D will not be asserted for any failure to satisfy the market reforms by employer payment plans that pay, or reimburse employees for individual health policy premiums or Medicare part B or Part D premiums (1) for 2014 for employers that are not ALEs for 2014, and (2) for January 1 through June 30, 2015 for employers that are not ALEs for 2015. After June 30, 2015, such employers may be liable for the Code § 4980D excise tax.”

- **Non-taxable if greater than 10 employees and benefit is less than \$50,000**
 - Benefit over \$50,000 is taxable
 - Taxation based on age, amount of coverage
- **Insurance benefit is formulated, not selected**
 - Employee's age, years of service, pay, or position
- **No coverage for spouse or dependents**
 - Face amount is not more than \$2,000.
- **Does not favor key employees**
- **If taxable – Paystub and W-2**
 - Payroll is usually included with ever check – GTL
 - W2 - is included in boxes 1, 3 & 5

Reporting of company auto

- Valuation of usage (two methods allowed)
- Commuting miles are personal use
- Personal errands allowed (minimal usage)
- Two methods of adding to payroll
 - 100% added to employee throughout year
 - Deduction calculation up to employee
 - Amount calculated and added at year end
 - Creates withholding issues

Cell phones

- Employer issued cell phones – Exempt if provided primarily for non-compensatory business purposes. Minimal personal use – No tax effect

Uniforms

- Work clothes and uniforms if required and not suitable for everyday use. Exempt

Accountable plans

- Employees must substantiate expenses in writing and in a timely manner
- Reimbursements are not subject to taxation

Allowances

- Taxable unless substantiated (accountable plan)
- Excess of allowance is taxable

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