

### Chapter 3 - Taxable Wages

The IRS defines taxable wages as all remuneration for services (including noncash benefits). As shown in the table, what is taxable and what is not can get very complex. Some benefits are fully taxable, some are partially taxable, and some are tax-free to the employee.

Taxable Compensation	Nontaxable Compensation
<ul style="list-style-type: none"> <li>• Back-pay awards</li> <li>• Bonuses</li> <li>• Commissions</li> <li>• Dependent Group-term Life over \$2,000</li> <li>• Personal use of Company vehicle</li> <li>• Dismissal and severance pay or final vacation pay</li> <li>• Employer-paid commuter fees in excess of \$230/month</li> <li>• Employer-paid parking greater than \$230/month</li> <li>• Fringe benefits (unless specifically excluded)</li> <li>• Gifts, prizes, and award</li> <li>• Group legal services</li> <li>• Group-term life insurance over \$50,000</li> <li>• Incentive Stock Option Exercise</li> <li>• Non-accountable reimbursed business expenses</li> <li>• Noncash fringes, unless excluded by IRS code</li> <li>• Nonqualified moving expenses</li> <li>• Nonqualified Stock Option Exercise</li> <li>• Overpayments</li> <li>• Overtime Pay</li> <li>• Regular Wages</li> <li>• Salary Advance</li> <li>• Tips</li> <li>• Sick pay and disability benefits (portion attributable to ER contributions)</li> </ul>	<ul style="list-style-type: none"> <li>• Dependent child care assistance (up to \$5,000 under a Section 129 plan)</li> <li>• Business use of Company vehicle</li> <li>• De minimis fringes</li> <li>• Dependent Group-term Life (\$2,000 or less)</li> <li>• Disability benefits (EE contributions)</li> <li>• Educational assistance for job-related courses (no limit)</li> <li>• Employer provided meals</li> <li>• Employer provided lodging (must qualify)</li> <li>• Group-term life insurance premiums (\$50,000 or less of coverage)</li> <li>• Medical/dental/health plans (ER contributions)</li> <li>• No-additional-cost fringes</li> <li>• On-premises Athletic Facilities</li> <li>• Qualified Disaster Relief Payments</li> <li>• Qualified employee discounts on employer goods/services</li> <li>• Qualified moving expenses</li> <li>• Qualified retirement planning services</li> <li>• Qualified transportation fringe</li> <li>• Reimbursed business expenses (if accounted for in a timely manner)</li> <li>• Strike benefits paid by a union</li> <li>• Uniform Allowance</li> <li>• Working condition fringes which would be deductible if paid by employee</li> <li>• Non-job-related education assistance up to \$5,250 (includes graduate-level courses)</li> <li>• Long-term care insurance paid by employer (with limits)</li> </ul>

#### Nontaxable Moving Expenses

L -- Lodging (move only not house-hunting trips)

T -- Travel (airline or mileage) no meals. Family members included.

V -- Moving van

Total amount entered on W-2, box 12, code P "Packing"

**All other moving expenses are taxable** – Meals, pre-move trips, rent, mileage amount exceeding \$.165 per mile.