

COUNTY OF PRINCE GEORGE ADMINISTRATIVE POLICIES Prince George, Virginia	POLICY NUMBER: 250.1 through 250.3	Page 1 of 1
	SUPERSEDES:	DATE ISSUED: January 1, 2014
SUBJECT: Fringe Benefits	AUTHORIZATION: Percy C. Ashcraft, County Administrator	

250.1 Taxable Fringe Benefits

Employees who receive gifts from their supervisors or the County may need to pay income tax on the value of these gifts. In addition, a gift provided on behalf of an employee but received by someone other than the employee (such as a spouse or child) may be considered taxable income to the employee.

Cash and cash-equivalent gifts (such as gift cards) are always considered taxable fringe benefits and must be included as income. Other gifts (such as fruit baskets or other small dollar tangible items) may not be taxable if they qualify for the de minimis exclusion from taxable fringe benefits. The value of such gifts should be included on the recipient-employee's W-2 form and is subject to tax and FICA withholding. Additional guidance is available at the IRS website: <http://www.irs.gov/Government-Entities/Federal,-State-&-Local-Governments/De-Minimis-Fringe-Benefits>.

250.2 Tracking and Distribution of Fringe Benefits

All gift cards, prizes, and awards will be tracked by payroll personnel and added to the employee's taxable income on a quarterly basis. It is the responsibility of all personnel who give out the gift cards and/or prizes to notify the payroll department of the prize that was awarded, who the recipient was, and the amount or fair market value of the gift. The payroll department should be notified within one week of the employee's receipt of the prize, award, or gift so that it can be tracked for the employee's quarterly taxation.

250.3 Distribution of Fringe Benefits Policy to County Employees; Employee Acknowledgement

A copy of the Fringe Benefit Policy shall be distributed to each County employee with an Employee Acknowledgement. Each County employee shall acknowledge receipt of the Policy by signing and dating the Employee Acknowledgement form in the presence of a witness who shall also sign and date the Acknowledgement. The executed Employee Acknowledgement shall be returned to the Department of Human Resources for filing in the respective employee's personnel file.