



State of Louisiana
DIVISION OF ADMINISTRATION

OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY

M. J. AMIKE® FOSTER, JR.
GOVERNOR

MARK C. DRENNEN
COMMISSIONER OF ADMINISTRATION

February 1, 2001

MEMORANDUM - SA 01- 21

TO: All State Agencies, Elected Officials, Boards & Commissions, Colleges & Universities, & offices of the Executive Branch of Government

FROM: F. Howard Karlton, CGFM, CPA
Director

RE: Policy and Procedure Memorandum 73 - Taxable Compensation

This is to remind you that your 2000 annual report on taxable compensation, in compliance with Policy and Procedure Memorandum (PPM) 73, was due to this office on **February 1, 2001**. All boards, commissions, departments, agencies, institutions and offices of the executive branch of state government are required to comply with the provisions of PPM 73. Department heads failing to adequately value, report, or withhold applicable taxes for compensation provided employees will be held responsible for payment of any tax liability from that budget unit's appropriations.

PPM 73 (copy attached) requires development of a plan each fiscal year which delineates the conditions under which an employee may receive any compensation other than salary, wages, per diem for board members and benefits provided by the State Employees Group Benefits Program and various retirement systems. Reporting requirements include:

- the specific employee receiving the compensation,
- the method used to value the compensation,
- the actual value of the compensation, and
- any reason the compensation is fully or partially nontaxable to the employee.

Examples of the types of taxable compensation paid to employees are

- housing or housing allowance,
- meals or food allowance,
- personal use of a state vehicle or vehicle allowance,
- uniforms and/or
- uniform cleaning allowance, and
- parking.

If there are other types of taxable compensation paid by your agency not included in the above examples they must be included in your report. You should include a statement regarding the reporting of those amounts that are taxable and the withholding of applicable taxes. An example would be "These amounts are added to employees' gross income and applicable taxes are withheld from their biweekly payroll checks."

Should your agency provide no forms of taxable compensation, your report should contain such a statement.

Agencies providing personal use of a state vehicle *to control employees* may not use the commuting valuation rule as the valuation method. A control employee of a government is any elected official, any State or local executive officer appointed by the Governor and confirmed by the Senate, or any employee whose compensation is \$150,000 or more. Alternative valuation methods such as the annual lease value method or the cents-per-mile valuation method are available in the Internal Revenue Code and Regulations. These alternative valuation methods may only be used with prior permission of this office.

If you currently have a format that fits your agency's needs *and* meets all reporting requirements delineated above, that format may be used. If you are unsure of how to report taxable compensation, the following format may be used or adapted for your agency.

Employee Name	Type of Compensation	Valuation Method	Value to Employee	Taxable/ Nontaxable	Comments
Doe, John	Personal use of state vehicle	Daily Commute	\$3.00/day	Taxable	

Responses must be received in this office no later than the close of business on Thursday, February 1, 2001.

Should you have any questions regarding PPM 73 reporting requirements, contact me at (225) 342-0708 or Ms. Deborah Zundel at (225) 342-2209.

FHK/DZ/rl