



State of Louisiana
DIVISION OF ADMINISTRATION

OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY

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GOVERNOR

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COMMISSIONER OF ADMINISTRATION

January 20, 2005

MEMORANDUM OSRAP 05-09

TO: All Departments, Agencies, and Organizational Units within the Executive Department

FROM: Afranie Adomako, CPA
Director

SUBJECT: Policy and Procedure Memorandum 73 – Taxable and Nontaxable Fringe Benefits

The Annual report for your agency's taxable and nontaxable compensation for calendar year 2004, in compliance with Policy and Procedure Memorandum (PPM) 73, is due to this office by February 15, 2005. All departments, agencies, and organizational units within the Executive Department are required to comply with this memorandum in a timely fashion. 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 has two reporting requirements:

1. A plan 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 Office of Group Benefits and various retirement systems, **and**
2. All fringe benefits paid, taxable or nontaxable, cash or non-cash, including
 - the **specific** employee receiving the compensation,
 - the type of fringe benefit being received;
 - the method used to value the compensation,
 - the actual value of the compensation,
 - whether the compensation is fully or partially nontaxable to the employee, and
 - how taxes are handled.

Please do not report the taxable or nontaxable fringe benefits paid to employees within the plan itself. Instead, report it in reporting requirement number 2 above. Examples of taxable and nontaxable, cash and non-cash fringe benefits paid to employees are:

- housing or housing allowance/Housing Utility,
- meals or food allowance, personal use of a state vehicle or vehicle allowance,
- uniforms and/or uniform cleaning allowance,
- parking,
- moving expense, and
- education

If your agency provides other types of fringe benefits that are not included in the above examples, they must be reported. You should include a comment indicating whether the amounts are taxable or nontaxable and if applicable taxes have been withheld. 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 or nontaxable fringe benefits, your response 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 \$128,200 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.

To standardize reporting for the requirement delineated above, the format below **must be used by all entities:**

Employee Name	Type of Compensation	Valuation Method	Value to Employee	2004 Fringe Benefit	Taxable/ Nontaxable	Comments
Doe, John	Personal use of a state vehicle	Daily Commute	\$3.00/day	\$750/year	Taxable	Added to gross income; applicable taxes are withheld from biweekly payroll checks
Jones, Sally	Police Officer Uniform	Cost	\$84.00/uniform	\$168/year	Nontaxable	Uniform is required as a condition of employment

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Again, responses must be received in this office no later than the close of business on February 15, 2005.

If you would like to read the text of PPM 73, please [click here](#).

As indicated in the Office of State Uniform Payroll's Memorandum #2005-26, reporting requirements for calendar year 2004 have changed for all ISIS HR agencies. These agencies are now required to use the new wage types provided through ISIS HR to report both taxable cash and non cash fringe benefits as well as non taxable cash and non cash benefits. Fringe benefits should be reported during each pay period in the ISIS HR system and the taxable portion should be reflected on the employee's W2 at the end of the calendar year. For compliance purposes, the report generated from the ISIS HR system should be the basis for the report you submit to our office.

Should you have any questions regarding PPM 73 requirements, contact Ms. Inga Kimbrough at (225) 342-5509 or Mr. Afranie Adomako at (225) 342-0708.

All OSRAP memorandums and forms may be accessed through our home page at <http://www.doa.la.gov/OSRAP/index.htm>.

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