



LGOC
Local Government Officials' Conference
March 5, 2014

Fringe Benefits & Reimbursements from OPERS



Day Meals

- Not Overnight Travel (Day trip) then
 - Taxable fringe benefit included in wages
 - Revenue Ruling 75-432 & 75-170
- If in union contract then reimburse for meals but include in wages
- Still taxable & included in wages if in policy or traveling out of county
 - Must include in payroll the amount of lunch as a noncash item

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Meals at Meetings

- “Directly Related” Meals - Tax-Free
 - Clear business setting
 - Meals as part of business meetings
 - Meals at service club or professional meetings
 - Example - Rotary, OFOA, Chamber of Commerce, Professional Association

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Meals at Conferences

- “Associated With” Meals - Tax-Free not included in wages
 - Meals at conventions
 - Meals at conferences
 - Does not include going to lunch with co-worker (this would be personal & taxable = include in wages)

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Automobile Expenses

- Employee car used for employer’s business
- 2014 - .56 cents per mile (.565 cents in 2013)
 - At this rate or less: Non-taxable
 - Excess over rate: Taxable fringe benefit included in wages
- Monthly allowance for driving own car is taxable if no accountability (verifying mileage)

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Commuting

- From home to office or office to home
- Is it commuting if you:
 - go home for lunch
 - Get called out from your home at 6AM for a water main break and when done go to the office
- Can’t say you stop somewhere everyday to avoid being taxed

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 **Commuting Rule**

- \$1.50 per one-way commute if:
- Vehicle owned/leased by employer
- Employer requires the employee to commute for bona fide noncompensatory business reasons
- Written policy on personal use
- No control employees (elected officials)

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 **Commuting example**

- Mayor takes car home every day
- Goes to work at 8 & goes home for lunch
- Comes back to office & goes home at 4
- Comes back in for meeting at 7 PM
- Uses commuting method \$1.50 each way
- How much should be included for commuting for that day?

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 **Cell Phones**

- Effective 2010 if Personal use = De Minimis fringe benefit then not taxable
- Employer phone or employee phone
- Not in excess of actual expense incurred
 - Review phone bill
- Reimbursement reasonably calculated
- Notice 2011-72

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 Board Member paid by meeting

- OPERS definition of earnable salary or pensionable salary does not include board members who are paid per meeting
- If you have been paying into OPERS for these board members you need to correct

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 Contributions pre-taxed

- OPERS will Credit the Employer's contribution & the Employee's contribution will be sent to the Employer
- Determine if contributions were pre-taxed
 - If Wages Box 1 were less than Medicare wages Box 5 in the year contributions were made
 - If so then need to include reimbursement in wages in the year received

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 Contributions not pre-taxed

- If contributions were not pre-taxed
 - If Box 1 Wages & Box 5 Medicare were the same then the contributions were already taxed
 - The reimbursement doesn't need to be included in wages

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Tax deferred

- Salary reduction employer pick-up
 - Defer taxes on employee's retirement contributions
 - Box 1 wages will be less than Box 3 Medicare wages
- Employer must establish a pick-up plan
 - OPERS has templates to use
 - Information found in Employer manual
 - Under Employer Programs

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Not independent contracts

- Not an option to start issuing Form 1099
 - Their job and duties didn't change
 - Doesn't matter if the amount paid is not a lot
 - They are still employees
- Since not paying into OPERS then they must pay into Social Security

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Statute & Amended tax return

- The statute with IRS is open for 3 years
- File form 941X amended quarterly for all open statute years (usually 3years)
 - Social Security tax must be paid for Employer and Employee share
 - Employee share can be taken from reimbursement sent from OPERS

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 Current board members

- If you have board members, paid by the meeting, still paying into OPERS
 - Stop paying OPERS
 - Start paying into Social Security
 - Contact UAN about correcting current year

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 Corrected W-2 & W-3

- W-2C & W-3C need filed for each year
- Employees won't have to amend their personal tax returns
- Social Security does not have a statute on filing W-2 so can be filed back further than 3 years if employees want the credit

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- If time permits floor will be opened for
????????????????

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Champaign	Clark	Clermont	Clinton	Darke
Defiance	Delaware	Fayette	Franklin	Fulton
Greene	Hamilton	Hancock	Hardin	Henry
Highland	Logan	Lucas	Madison	Marion
Mercer	Miami	Montgomery	Ottawa	Paulding
Pickaway	Pike	Preble	Putnam	Ross
Sandusky	Seneca	Shelby	Union	Van Wert
Warren	Williams	Wood	Wyandot	

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Ashland	Ashtabula	Athens	Belmont	Carroll
Columbiana	Coshocton	Crawford	Cuyahoga	Erie
Fairfield	Gallia	Geauga	Guernsey	Harrison
Hocking	Holmes	Huron	Jackson	Jefferson
Knox	Lake	Lawrence	Licking	Lorain
Mahoning	Meigs	Medina	Monroe	Morgan
Morrow	Muskingum	Noble	Richland	Perry
Portage	Scioto	Stark	Summit	Trumbull
Tuscarawas	Vinton	Washington	Wayne	

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