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Non-Cash Employee Benefits Policy

Effective: July 1, 2004
Last Updated: November 1, 2006

Executive Summary

Non-cash benefits are benefits the Commonwealth provides to its employees in exchange for services provided by those employees to the Commonwealth. These non-cash benefits are assigned a value and are reported on an employee's Form W-2 as earned income. These benefits are recorded in the state payroll system and reported on the employee's Form W-2. Please refer to IRS Publication 15-B, "Employers Tax Guide To Fringe Benefits" for additional guidance on non-cash fringe benefits and their valuations.

Considerations

This policy applies to all Commonwealth Branches and Departments.

Policy

Some examples of non-cash benefits are listed below. Commonwealth Non-Cash Benefits include:

- Parking
- Tangible Assets
- Housing Allowances
- State or Leased Car Usage
- Group Term Life Insurance Coverage (Imputed Income)

Parking

Employees who have the use of parking at Commonwealth owned garages or Commonwealth leased parking are receiving a transportation parking fringe benefit. Employers, who provide free parking valued in excess of the limits specified in IRS Code 132(f) and the appropriate Massachusetts Department of Revenue Technical Information Release, are required to add any excess value to the employees' gross income for tax reporting and withholding purposes. For Form W-2 tax reporting purposes, the federal parking benefit amount is added to the employee's federal wages and the state parking benefit amount is added to the employee's state wages.

Tangible Assets

Employees who receive property or payments for property (equipment or other assets) and ownership of the property is transferred to the employee, are receiving a "one time" tangible assets benefit. This non-cash benefit is a Form W-2 reportable event.

Housing Allowances

Employees who either live in state owned property or a property in which the state pays the rent on the employee's behalf are receiving a housing allowance benefit. This non-cash benefit is a Form W-2 tax reportable event.

State or Leased Car Usage

Employees who have the use of a state owned car for domicile travel or who use a car owned or leased by the state are receiving a state car usage benefit. This non-cash benefit is a Form W-2 tax reportable event. Contact the Operational Services Division (OSD) for appropriate use and charges.

Group Term Life Insurance (Imputed Income)

Commonwealth provided Group Term Life Insurance with a value of $50,000 or less is a tax-free benefit to the employee, if it is provided in a non-discriminatory fashion. The value of the cost of the coverage in excess of $50,000 is a non-cash benefit and must be reported on the employee's Form W-2. Currently this applies to the Higher Ed employees enrolled in optional retirement plans.

Information Sources

Legal Authority

- IRC § 132 (f)
- IRS Publication 15-B: Employer's Tax Guide to Fringe Benefits
- IRS Regulations § 1.61-21 (f)(3)
- M.G.L. c. 7A §§ 3, 7, 8
- M.G.L. c. 7 § 28
- M.G.L. c. 62B, 62C
- Publication 525 Taxable and Non-Taxable Income

Contacts

- CTR Solution Desk