



Anthony (Tony) S. Ridout, CPA
Milton G. Barrett, CPA
Kathleen Dvorak, CPA
Dustin R. Michalak, CPA, CVA
Melanie C. Geist, CPA

www.RidoutBarrett.com

RIDOUTBARRETT
CPAs & BUSINESS CONSULTANTS

922 Isom Rd, Ste 100
San Antonio, TX 78216
Ph: 210-829-1793
Fax: 210-829-4634
TF: 800-443-4369

3305 Northland Dr, Ste 100
Austin, TX 78731
Ph: 512-454-6010
Fax: 512-454-3494
TF: 833-454-6010

November 9, 2018

SUBJECT: 2018 Fringe Benefits

As 2018 comes to a close, I would like to remind you of the importance of reporting fringe benefits for your employees, officers and shareholders. The most common fringe benefits are the personal use of a company vehicle, life insurance premiums paid by the Company, and health insurance coverage. Fringe benefits are a definite area of interest to the IRS and should not be dismissed without giving thought to the tax consequences. To assist you, our firm is available to calculate taxable fringe benefits to be included in your year-end payroll. This service is available to you at our applicable hourly rates.

If you already report fringe benefits through payroll, or if you do not require this service, please let us know and we will remove your name from our annual reminder. If you would like us to calculate your fringe benefits, fill in the appropriate worksheets and return them to our office as soon as possible to allow ample pay periods in which to report this additional income and to withhold taxes. If you use a payroll service, please ensure they are reporting your taxable fringe benefits appropriately.

For those employees and company owners with access to an employer-provided vehicle, a copy of the *Statement from Employer to Employee Regarding Use of Employer-Provided Vehicle* worksheet is enclosed. Reproduce as many copies as needed and have each employee, with access to a company vehicle, complete a form. It is not necessary to report the use of delivery vehicles, on-call vehicles, or other vehicles used only on the job.

Complete the form *Employer-Provided Life Insurance* for those employees and/or owners who have life insurance policies paid for by the Company with face values in excess of \$50,000. For S Corporation shareholders, the \$50,000 threshold does not apply; report all life insurance premiums paid on behalf of an S Corporation shareholder.

For S Corporations funding health insurance premiums for its shareholders who own 2% or more of the outstanding common stock of the Company, complete the attached *S Corporation Shareholder Provided Health Insurance* data sheet. Reproduce and complete one sheet for each applicable shareholder. **Please be aware that health insurance premiums paid on behalf of a 2% shareholder may be subject to social security and Medicare taxes if a group health plan is not available to all employees.**

If you have been recognizing fringe benefits throughout the year, please let us know so we may take this into consideration when computing any additional fringe benefits to report. If you have any questions, feel free to contact me by phone at 210-829-1793 ext 214 or by email at lland@ridoutbarrett.com.

Sincerely,

Lynda L. Land, CPA
Manager, Tax and Business Services

EMPLOYER-PROVIDED LIFE INSURANCE

If your Company pays for a life insurance policy with a death benefit of more than \$50,000 for any one individual and the beneficiary is someone other than the Company, provide the information requested below. Complete a separate worksheet for each policy.

Please note that S Corporation shareholders do not qualify for the \$50,000 exclusion. **Report all life insurance for S Corporation shareholders.**

Company name: _____

Employee's name: _____

Employee's age on December 31, 2018: _____

Type of coverage (e.g. term, whole life): _____

Face amount of policy: _____

Beneficiary: _____

Cash value: _____ As of: _____

Amount of premiums paid by the company: _____

Amount of premiums paid by employee (if any): _____

This information will be used to compute the taxable fringe benefit to be included on your W2. If your Company does not provide life insurance, please sign the statement at the bottom of this letter and return it to our office.

_____At this time, our Company does not provide life insurance for its employees or owners.

Signed _____

S CORPORATION HEALTH INSURANCE PROVIDED TO 2% SHAREHOLDERS

If your Company pays for health insurance for a shareholder who owns 2% or more of the outstanding common stock of the Company, please provide the information requested below. For the purpose of this fringe benefit, health insurance includes medical, dental and vision insurance. Complete one form for each shareholder.

If the Company does not provide health insurance to its employees, be sure to respond below.

Company name: _____

Shareholder's name: _____

Amount of premiums paid by the company during the year \$ _____

Does the shareholder have access to a group health plan through his/her spouse? Yes _____ No _____

Does the Company offer health insurance to all employees? Yes _____ No _____

Signature and date

This information will be used to compute the taxable fringe benefit to be included on your W2.