

PAYDATA™

WORKFORCE SOLUTIONS

FAQ – Taxable Benefits

WHAT IS IT?

Taxable fringe benefits are included in the gross wages for tax purposes and then backed out of the Net Pay as the employee has already received the benefit value. Examples include: Group Term Life, Shareholder Insurance, Stock Options, Moving Expenses, Gift Cards, and Taxable Auto.

Because the benefits are only memo posted, they must be included in a check with other earnings so that there are funds from which the taxes can be withheld. The benefit amount will be added to gross income, and will show up on the W2 under box 1.

Failure to do so will result in the employee's taxes being out of balance and a correction run having to be processed. This will result in additional processing fees and potential late penalty charges.

For more information on how to post Taxable Benefits, visit our website at www.paydata.com. Once you are there go to the Resource Center and under How-Tos, select the appropriate document.

WHERE DO I GET THE INFORMATION?

Many companies work directly with their CPA or bookkeeper for assistance in determining which benefits are taxable and need to be posted into payroll.

WHAT DOES PAYDATA NEED FROM ME – AND WHEN DO THEY NEED IT?

We need to know what type of benefit you need to post, the employees affected, and the dollar amounts. To eliminate the year-end rush to post these items, you can post many of your Taxable Benefits regularly throughout the year but no later than your last scheduled payroll in December.

HOW DO I SUBMIT THE INFORMATION TO PAYDATA?

If you are a Remote Evolution or Evolution Payroll user, you can enter the information into payroll yourself. Otherwise, you can log into our secure portal, create a case and attach all pertinent information. Your CSR will receive an email notifying them that you have submitted a case. If you don't have a login to the secure portal, you can go to our website and request a login. Go to <https://www.paydata.com/clientsupportportal/>, and request a login at the bottom of the page. Please keep in mind that only the Primary Contact of a company will be provided with a login