

Table 2-1. Special Rules for Various Types of Fringe Benefits

Type of Fringe Benefit	Income Tax Withholding	Social Security and Medicare	Federal Unemployment (FUTA)
Accident and Health Benefits	Exempt except for certain payment to S-corporation employees who are 2% shareholders	Exempt	Exempt
Achievement Awards	Exempt up to \$1,600 for qualified plan awards (\$400 for nonqualified awards)		
Adoption Assistance	Exempt	Taxable	Taxable
Athletic Facilities	Exempt if substantially all use during the calendar year is by employees, their spouses, and their dependent children, and the facility is operated by the employer on the premises owned or leased by the employer		
De minimus Benefits	Exempt	Exempt	Exempt
Dependent Care Benefits	Exempt up to certain limits, \$5,000 (\$2,500 for married filed separate)		
Educational Assistance	Exempt up to \$5,250 of benefits each year		
Employee Discounts	Exempt up to certain limits		
Employee Stock Options			
Employer-provided Cell Phones	Exempt if provided primarily for noncompensatory business purposes		
Group-Term Life Insurance	Exempt	Exempt up to cost of \$50,000 of coverage	Exempt
Health Savings Accounts (HSAs)	Exempt for qualified individuals up to the H.S.A contribution limits		
Lodging on your Business Premises	Exempt if furnished on your business premises, for your convenience, and as a condition of employment.		
Meals	Exempt if furnished on your business premises for your convenience. Exempt if de minimis.		
No-Additional-Cost Services	Exempt	Exempt	Exempt
Retirement Planning Services	Exempt	Exempt	Exempt
Transportation (Commuting) Benefits	Exempt up to certain limits if for rides in a commuter highway vehicle and/or transit passes (\$325) or qualified parking (\$325). Exempt if de minimis.		
Tuition Reduction	Exempt if for undergraduate education (or graduate education if the employee performs teaching or research activities)		
Working Condition Benefits	Exempt	Exempt	Exempt