Determining Taxability of Non-Cash Benefits

Primary purpose of the transfer must be to advance the mission of the University. Does the transfer predominantly benefit the individual or the university? If primarily personal in nature, no business purpose.

Is the recipient an employee or employee family member?

Is there a business purpose for the transfer?

Did the recipient pay fair market value for the item?

Did the recipient pay fair market value for the item?

Is there a specific exemption from tax?

Non-Cash Transfer

Transfers include any benefit received

Regents are employees when considering taxable benefits

Is the recipient a student?

Non-Taxable

Document business purpose

Non-Taxable

Non-Taxable

Taxable item: Communicate the value to recipient and report to Payroll Office

Refer to Tax Manual Section 130 and following for exemptions

Refer to Student Payments Guide

Gift cards and similar cash equivalents are considered cash and are always taxable if transferred to an employee, except for rare exceptions. Therefore, this decision tree does not apply.

Documentation of business travel must be specific.
- Duties that are incidental to the primary purpose are not sufficient
- Duties that are primarily social in nature are not sufficient
- Detailed agendas are most effective documentation