

Employee Benefit Plans

Employee Benefit Plans in the United States might include relocation assistance; medical, prescription, vision and dental plans; health and dependent care flexible spending accounts; Employee Benefit Plans, retirement benefit plans (pension, 401(k), 403(b)); group-term life and long term care insurance plans; legal assistance plans; adoption assistance; child care benefits; transportation benefits; and possibly other miscellaneous Employee Benefit Plans, employee discounts (e.g., movies and theme park tickets, wellness programs, discounted shopping, hotels and resorts, and so on).

Employee Benefit Plan

Some fringe Employee Benefit Plans (for example, accident and health plans, and group-term life insurance coverage up to US\$50,000) may be excluded from the employee's gross income and, therefore, are not subject to federal income tax in the Employee Benefit Plans United States. Some function as tax shelters (for example, flexible spending accounts, 401(k)'s, 403(b)'s). Fringe Employee Benefit Plans are also thought of as the costs of keeping Employee Benefit Plans other than salary. These Employee Benefit Plans rates are typically calculated using fixed percentages that vary depending on the employee's classification and often change from year to year.

Normally, Employee Benefit Plans provided benefits are tax-deductible to the employer and non-taxable to the employee. The exception to the general rule includes certain executive benefits (e.g. golden handshake and golden parachute plans).

Benefit Plans

American corporations may also offer Employee Benefit Plans to their employees. These Employee Benefit Plans would offer a menu and level of benefits for employees to choose from. In most instances, these plans are funded by both the employees and by the Employee Benefit Plans. The portion paid by the employees

is deducted from their gross pay before federal and state taxes are applied for Employee Benefit Plans.

Some Employee Benefit Plans would still be subject to the FICA tax, such as 401(k) and 403(b) contributions; however, health premiums, some life premiums, and contributions to flexible spending accounts are exempt from Employee Benefit Plans FICA.

If certain conditions are met, Employee Benefit Plans provided meals and lodging may be excluded from an employee's gross income Employee Benefit Plans. If meals are furnished (1) by the employer; (2) for the employer's convenience; and (3) provided on the business premises of the employer they may be excluded from the employee's gross income per Section 119(a). Employee Benefit Plans In addition, lodging furnished by the employer for its convenience on the business premise of the Employee Benefit Plans (which the employee is required to accept as a condition of employment) is also excluded from gross income. Importantly, section 119(a) only applies to meals or lodging furnished "in kind." Therefore, cash allowances for meals or lodging received by an employee are included in gross income.

The term "fringe benefits" was coined by the War Labor Board during World War II to describe the various indirect benefits which industry had devised to attract and retain labor when direct wage increases were prohibited Employee Benefit Plans.

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