Fringe Benefits-Payroll Withholding Policy

POLICY STATEMENT

When non-cash fringe benefits are determined to be taxable and are added to an employee's annual wages, the Banner Payroll system will properly withhold federal, state, and county income taxes in addition to Social Security (FICA and Medicare) taxes from the employee’s next pay.

Most recipients of taxable non-cash fringes will see a tax withholding impact on a future pay of 25% - 40% of the value of the fringe benefit that they received, once a taxable fringe is added to their W-2 income. Thus a $100 taxable fringe could result in payroll tax withholding of $25 - $40 from a future pay.

Advance notification to impacted employees will be provided as frequently as possible, with special effort made to notify those receiving taxable non-cash fringes valued at $100 or more.

If you believe the withholding for these items has been more than necessary, and you wish to reduce the tax impact on future pays to compensate, you could consider reviewing your personal income tax situation (with your accountant, if necessary), and determine if you could change your Federal Form W-4 (and IN Form WH-4 or MI W-4 as well) election to reduce your income tax withholding for the remainder of the year. You can obtain the necessary form(s) at [https://controller.nd.edu/forms/#payroll](https://controller.nd.edu/forms/#payroll) Please forward the completed form(s) to Payroll at least two weeks prior to the pay date for which you want this change to be effective. If you do decide to make this change, please make sure to reconsider your withholding at the beginning of the next calendar year, since you may need to restore your exemptions to their previous levels at that time.

If you have any questions about this policy, please contact Sue Walczewski in Payroll (1-8283 or Susan.A.Walczewski.2@nd.edu).