

## **TAXABLE FRINGE BENEFIT**

### **P-1 Type 300 Taxable Fringe Benefit**

Requires Approvals by: PA BENE PAYL

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Use this P-1 to document and record the monthly Federal and State taxable benefit amount that should be added in as income to the employee. This P-1 is to identify the taxable value of insurance coverage being provided to a non-qualified tax dependent (i.e. over-age non-student dependent, domestic partner, and/or domestic partner's children).

Insurance coverage for over-age non-student dependent, domestic partners and children of domestic partners are taxed at both Federal and State levels.

DAS-HRE will need a copy of applicable Affidavit forms signed by employee before this P-1 will be approved by Benefits.

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Health and Dental Plan information should default in on the P-1 based on the employee's HRIS record. Be sure that insurance codes are populated correctly. Any changes that are made to the dependent(s) that are covered on health and/or dental should be completed in Iowa Benefits first. If the health insurance or dental insurance is changed (family to single/single to family) the Iowa Benefits system will send the change to automatically generate a P-1 type 294 on HRIS, which must be fully processed before you write this P-1.

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Enter monthly taxable benefits to be added as income for both Federal and State income tax purposes. Monthly taxable benefit amount is based on employee contract status, type of health/dental plan, and number of taxable dependents in each plan. Use the HRE publication for each calendar year called HRE Added Value Tax Table to determine taxable income amounts.

#### Items to Note for Remarks:

- Identify all the non-qualified tax dependents by name, and identify their relationship to the employee.
- Identify which insurances (health and/or dental, Blue Access vs Prog 3+ vs Iowa Select, etc) are impacted.
- Statement saying "EE has been notified of the tax consequences and impact to pay, as a result of adding a non-qualified tax dependent" is recommended in the remarks, for documentation purposes, and as a reminder for you to advise to the employee about what will occur on their paychecks regarding wages and tax withholding.
- Sometimes a 'catchup' entry is needed, so there may be a need to initially key a P-1 to record several months' worth of income to report. Then a subsequent P-1 may need to be keyed, to over-write the current P-1 amounts and change totals over to normal monthly amounts.
- Typically the Federal and State taxable benefits amounts will need to be updated each new calendar year with new values, based on the HRE Added Value Tax Table.
- Federal and State taxable benefits are recorded on warrant processing in the same pay period that State Shares are processed and charged to departments.

Refer to DAS-SAE manual for Human Resource Associates, called '[Taxable Benefits Processing on HRIS](#)' for more information.

Or refer to DAS-HRE informational web page for Tax Treatment of Dependents in Health & Dental Insurance: <https://das.iowa.gov/human-resources/employee-and-retiree-benefits/employees/group-insurance/health-dental-insurance-0>