

## **Fringe Benefits – What are Employers’ Reporting Obligations?**

### **Part 05-03-08a**

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## 1 Introduction

PAYE, PRSI and USC must be operated by employers in respect of the taxable value of most benefits-in-kind and other non-cash benefits provided by them for their employees.

Employers must retain, in respect of each employee:

- a record of all benefits provided
- the computation of the amount of each taxable benefit
- a record of amounts of tax, PRSI and USC due on benefits recouped from employees other than by way of normal deduction from money, wages or salary
- all records, calculations, and documentation relating to the valuation of benefits provided, for examination in the event of an audit or other compliance intervention. The records must be kept for 6 years unless Revenue advises otherwise.

It will not be necessary to return on Forms P11D benefits that have been taxed under the PAYE system.

## 2 Examination Awards – tax treatment

A cash award made to an employee in recognition of passing an examination, or acquiring a qualification, which bears some relationship to his/her duties, is regarded as not assessable, provided that the award is of such amount that can, reasonably, be regarded as a reimbursement of expenses likely to have been incurred in studying, and sitting for the examination.

Special increments of salary awarded on passing an examination etc. are chargeable, as part of the employee's remuneration, in the normal way.

See Tax & Duty Manual (TDM) [Part 05-01-01j](#), for further information in respect of the tax treatment of examination awards.

### 3 Long Service Awards – what are the rules?

Where awards are made to directors or employees as testimonials to mark long service, such awards are normally taxable. Where, however, an award takes the form of tangible articles of reasonable cost, tax is not charged provided:

- The cost to the employer does not exceed €50 for each year of service
- The award is in respect of a period of service of not less than 20 years
- No similar award has been made to the recipient within the previous five years.

Further detail on the granting of Long Service Awards is included in TDM [Part 05-01-01j](#).

### 4 Removal/Relocation Expenses – tax treatment

Where an employee moves within the employer organisation or takes up employment with a new employer then certain removal/relocation expenses can be paid free of tax. The terms, conditions and procedures are set out in TDM [Part 05-02-03](#). Prior Revenue 'approval' is not required in respect of the removal/relocation expenses covered by the instruction.

### 5 Staff Suggestion Scheme Awards – tax treatment

Awards made under staff suggestion schemes are taxable and an employer must operate PAYE, PRSI and USC on the value of the award.

See TDM, [Part 05-01-01j](#) for further information in respect of the tax treatment of examination awards.