

**YAMHILL COUNTY**  
**Official Policy**

**Taxable and Non-Taxable Benefits**

**Overnight Travel**

**Use of County Purchase Cards**

**Permissible and Impermissible Expenditures of County Funds**

Board Order 03-847, December 4, 2003  
Board Order 16-101, March 17, 2016

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**TAXABLE AND NON-TAXABLE BENEFITS**

This policy is adopted to determine whether a Yamhill County fringe benefit is taxable or non-taxable as income to an employee in order for the County to comply with IRS regulations. Accounting staff will use the following scheduled to determine whether an employee benefit is taxable or non-taxable.

1. **Meals.**

a. Non-taxable. Meals are non-taxable if furnished by the County as part of a meeting in a clear business environment so long as the meal is consumed either on County premises or for the convenience of the County. Meals are also non-taxable if an employee is on a business trip where an overnight stay is authorized. Other non-taxable meals include coffee and doughnuts, occasional employee parties and picnics, and occasional meals or meal money to enable an employee to work overtime. Further, certain off-premise group meals to discuss County business are non-taxable. To make sure income will not be imputed on a reimbursed meal, an employee should check with the accounting office first to determine if a meal is taxable or non-taxable.

b. Taxable. With very limited exceptions, all meals reimbursed by the County that are not described in subsection (a) are considered taxable. To make sure income will not be imputed on a reimbursed meal, an employee should check with the accounting office first to determine if a meal is taxable or non-taxable.

2. **Accident and Health Benefits.** The amounts paid by the County for medical and dental insurance for employees, their spouses and their dependents are non-taxable benefits. In contrast, the amount paid for medical and dental insurance for a domestic partner is taxable at the fair market value of the insurance premium unless the partner can meet the IRS defined dependent status.

3. **Short Term Disability.** The amounts that the County pays to purchase a short-term disability plan are non-taxable.
4. **Retirement.** County contributions to employee retirement plans are generally non-taxable.
5. **Life Insurance.** The amounts that the County pays as premiums for our basic life insurance plans are non-taxable.
6. **Cafeteria Plan. (Section 125).** A cafeteria plan is a written plan that allows employees to choose between receiving cash in pay or directing the money to a plan account to pay for another benefit which may or may not be taxable. Typically, a cafeteria plan is used in Yamhill County for payment of non-taxable benefits. For example, a cafeteria plan may be used to pay premiums for a qualified medical insurance premium plan in excess of the amounts paid by the County. In such a case, no taxes are paid on the amount paid through the cafeteria plan even though taxes would have been due had the money been paid in wages.
7. **Achievement Awards.** An award of tangible personal property for length of service or safety achievement is non-taxable. On the other hand, if the award is cash, cash equivalents, gift certificates, vacations, meals, lodging, or event tickets, it is a taxable fringe benefit.
8. **Clothing or Clothing Allowance.** If clothing is clearly a uniform, marked with the County insignia or worn for safety reasons, it is a non-taxable benefit. If the clothing is not clearly marked and can be adapted for everyday street wear, it is a taxable benefit.
9. **Transportation (Commuting) Benefits.** Use of a County car for commuting is non-taxable to the extent the employee could deduct a like cost of use of a personal car as a business expense if the County did not provide the vehicle. IRS rules designate specific vehicles as qualified non personal-use vehicles that may be used for commuting and considered a non-taxable benefit. These vehicles include clearly marked police cars.
10. **Safety Equipment.** All safety equipment is considered to be non-taxable.
11. **De Minimis Benefits.** De minimis benefits are benefits that are of so little value that accounting for them would be unreasonable or administratively impossible. These include things like reimbursed use of a County copying machine. However, cash or gift cards are never de minimis.
12. **Flu Shots.** A flu shot is a non-taxable benefit.

## **APPROVAL FOR OVERNIGHT TRAVEL AND USE OF COUNTY PURCHASE CARDS FOR MEALS**

The following policy is adopted to establish a requirement for advance approval for reimbursed overnight travel and restrictions on use of County purchase cards to purchase meals.

1. **Advance approval for overnight travel required.** Except for elected officials, a County employee will be eligible for County paid or reimbursed travel, meal and lodging expenses for overnight travel only if advance approval was granted before the expenses were incurred. In the case of a department head, advance approval is required from the County Administrator or designee. In the case of other employees, advance approval is required from the department head or, in the absence of the department head, the acting department head.

2. **Restrictions on charging meals.** A purchase card issued to Yamhill County may not be used to purchase meals at restaurants or other establishments unless one of the following conditions is satisfied:

a. Advance approval of County Administrator or department head for overnight travel. A request for overnight travel has been approved by a department head or, in the case of a department head, the County Administrator. Documentation of the approval on an approved form must be submitted to the accounting office; or

b. Advance approval of County Administrator or Financial Services Manager for other meals. The County Administrator or Financial Services Manager has determined, in advance, that a particular meal is a non-taxable event.

3. **Where meal is charged without authorization.** If an employee purchases a meal on a purchase card issued to Yamhill County without prior authorization under numbered paragraph 2 of this policy, the employee will be billed by the County for the meal and required to make payment to the accounting office. After payment, the employee may then request reimbursement on the standard County travel and expense form and the appropriate taxes will be withheld.

4. **Monetary limits remain in effect; repayment for overcharge.** Existing limits on meal reimbursements remain in effect. Except as noted in this paragraph, and regardless whether the meal is taxable or non-taxable, purchase card charges in excess of limits will be billed back to the employee who incurred the charge. One exception to the limits normally applicable is for meals consumed in connection with authorized travel to cities with high food costs such as San Francisco, Washington, or New York. Another exception is for meals associated with attendance at an authorized conference. An employee should contact the accounting officeto determine whether an exception to existing limits exists.

5. **Identification of persons who benefited from County payment or reimbursement.** If County payment is made or reimbursement is requested for persons other than the employee making the charge or requesting reimbursement, the names of all persons who dined must be noted on the purchase card statement or included with the request for reimbursement.

## **PERMISSIBLE AND IMPERMISSIBLE EXPENDITURES OF COUNTY FUNDS**

The following policy is adopted to assure that County funds are expended for a lawful purpose.

1. **Expenditures must be related to conduct of County business.** County funds may only

be expended in connection with County business. The County will not pay or reimburse an employee's expenses unless the expenses were incurred in connection with County business and were otherwise authorized.

2. **Prohibited expenditures.** Except for authorized law enforcement undercover activities, the County will not pay or reimburse for the purchase of alcoholic beverages, cover, or entertainment charges.

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Accepted by Yamhill County  
Board of Commissioners on  
3.17.16 by Board Order  
# 16-101