

2021 Fringe Benefit Exclusion Chart



Types of Employees

C = Current common law employee D = Director F = Former Employee IC = Independent contractor performing services	L = Certain leased employees P = Partner of a partnership performing services R = Retired or disabled former employee SC = >2% S corp shareholder performing services	SP = Sole Proprietor ST = Statutory employee (life insurance agent) W = Widow(er) or deceased active or retired employee
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¹ In the 1040 Quickfinder Handbook.

² For 2020-2025, educational expenses for an educational assistance program include certain student loan repayments (principal and interest) of the employee[IRC Sec. 127(c)(1)(B)].

K-2 2021 Tax Year I Small Business Quickfinder• Handbook

Employee Benefits

Benefit	Page Reference	Description	Provision	Who is Considered an Employee?
Accident and Health Insurance	K-13	Cost of accident and health insurance provided to employee.	Tax free to the employee, subject to certain restrictions.	C, F, L, R, ST, W
Adoption Assistance	12-2 ¹	Expenses connected with the legal adoption of an eligible person.	Employer-paid expenses are tax free to the employee, within certain dollar limits and an AGI phase-out range.	C, L
Dependent Care Assistance	K-11	Expenses for the care of a dependent while the employee is at work.	Employees can pay for day care costs with pre-tax earnings or employer contributions.	C, L, P, SC, SP
De Minimis Fringe	K-8	Minimal benefits, such as occasional personal use of office equipment by employee.	Tax free to the employee.	Any recipient
Educational Assistance	K-11	Educational costs, such as tuition, fees, books, supplies, etc. Education does not have to be job related. ²	Employer assistance payments of up to \$5,250 are excluded from the employee's gross income.	C, F (if laid off), L, P, R, SC, SP
Employee Achievement Awards	K-12	Tangible personal property, such as a watch, given to an employee for length of service or safety achievement.	Tax free to the employee up to a specified dollar limit.	C, F, L
Employer-Provided Vehicle	K-20	Cost of vehicle used by the employee for business or personal purposes.	May be taxable or tax free to the employee depending on conditions.	C, D, IC, P, SC
Group Term-Life Insurance	K-18	Cost of term life insurance provided to the employee.	Up to \$50,000 of coverage tax free to the employee.	C, F, L, ST
Meals and Lodging	K-12	Meals and lodging provided to the employee on the employer's business premises.	Tax free to the employee if furnished on the business premises, furnished for the employer's convenience, and-for lodging only-as a condition of employment.	C Note: Any recipient of a <i>de minimis</i> meal is treated as an employee.
No-Additional-Cost Service	K-8	Hotel accommodations, telephone services, and transportation by aircraft, train, bus, subway, and cruise liner.	Value excluded from the employee's gross income if service is offered to the public and employer incurs no additional cost by offering the service to the employee.	C, L, P, R, SC, W
On-Premises Athletic Facilities	K-9	Athletic facilities on the employer's business premises.	Tax free to the employee if substantially all use of the facility is by employees, their spouses, and dependent children.	C, L, P, R, SC, W
Qualified Employee Discounts	K-8	Goods and services the employer generally offers to the public.	The value of discounted price offered to the employee is tax free to the employee when certain conditions are met.	C, L, P, R, SC, W
Qualified Retirement Planning Services	K-11	Retirement planning advice to the employee and/or spouse.	Tax free to the employee.	Note: The IRS has not comprehensively defined <i>employee</i> for this benefit.
Qualified Transportation Benefits	K-9	Employer-provided commuter vehicle transportation between the employee's residence and place of employment, transit passes, and qualified parking.	Exclude \$270 per month for 2021 for the combined value of transit passes and employer-provided transportation; \$270 per month in 2021 for qualified parking (IRC Sec. 132).	C, L
Working Condition Fringe	K-8	Property and services the employer provides to employees to perform their jobs.	Tax free to employee if it would have been deductible as a business expense had the employee paid for the goods or services.	C, D, IC, P, SC