Taxability Matrix

for

Tickets to Employees

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **SITUATION** | **EXAMPLE** [[1]](#footnote-1) | **TRANSACTION TYPE** | **REFERENCES** | **EMPLOYEE** **TAX STATUS** | **SPOUSE/FAMILY** **TAX STATUS [[2]](#footnote-2)** |
| Tickets in exchange for services | Six hockey tickets given to an employee for painting an office | Payment in-kind is a form of compensation | IRS Publication 15, Circular E, *Employer's Tax Guide* | Taxable [[3]](#footnote-3) | Taxable 3 |
| Clear business purpose requiring attendance | Ensuring microphones, speakers, and displays are working properly | Working condition fringe benefit | IRS Publication 15-B, *Employer's Tax Guide to Fringe Benefits* | Non-Taxable [[4]](#footnote-4) | Taxable |
| Award of tickets with a value of $100 or greater | Season tickets to an employee as an award | Exceeds de minimis fringe benefit | IRS Publication 15-B, *Employer's Tax Guide to Fringe Benefits*University *De Minimis Benefit Policy (3.6.20)* | Taxable | Taxable |
| Award of occasional tickets of minimal value (less than $100) | Employee receives two Arts Center tickets valued at $25 as a thank you for year-end work | De minimis fringe benefit | IRS Publication 15-B, *Employer's Tax Guide to Fringe Benefits*University *De Minimis Benefit Policy (3.6.20)* | Non-Taxable | Non-Taxable |
| Discount on ticket face value | Employee purchases tickets valued at $100 for $80 | Qualified Employee Discount | IRS Publication 15-B, *Employer's Tax Guide to Fringe Benefits* | Non-Taxable [[5]](#footnote-5) 9 | Taxable 5 9 |
| Employee is affiliated with the program, but is not fulfilling any job responsibilities | Coach of one sport attends the event of another sport to show support or espirit de corps | Not qualified as working condition fringe benefit - does not meet directly-related or associated tests for business purpose | IRS Publication 463, *Travel, Entertainment, Gift, and Car Expenses*University *De Minimis Benefit Policy (3.6.20)* | Taxable [[6]](#footnote-6) | Taxable 6 |
| Attending an event to host University guests as prospective donors | VP and spouse host community leaders and their spouses at basketball game to cultivate donors | Working condition fringe benefit - appears to meet directly-related or associated tests | IRS Publication 463, *Travel, Entertainment, Gift, and Car Expenses*University *De Minimis Benefit Policy (3.6.20)* | Non-Taxable 4 | Non-Taxable 4 [[7]](#footnote-7) |
| Tickets from random drawing | Door prize for four hockey tickets | Raffle winnings | IRS Publication 525, *Taxable and Nontaxable Income* | Taxable [[8]](#footnote-8) | Taxable 8 |
| Excess capacity or unsold tickets | Event did not sell-out - University gave away extra tickets to employees | No-additional-cost services | IRS Publication 15-B, *Employer's Tax Guide to Fringe Benefits* | Non-Taxable [[9]](#footnote-9) | Non-Taxable 9 |
| Unsold tickets from another university where there is a reciprocal agreement | Event did not sell-out - university with a reciprocal agreement gave away tickets to LSSU employees | No-additional-cost services and reciprocal agreements | IRS Publication 15-B, *Employer's Tax Guide to Fringe Benefits* | Non-Taxable 9 | Non-Taxable 9 |

Thank you to Utah State University for sharing.

1. These examples are for illustrative purposes only. The listed tax reference(s) determine the taxability of specific situations. [↑](#footnote-ref-1)
2. If tickets are provided to the employee and their spouse/family, the taxable value (if applicable) is generally attributed to the employee and reported on his or her W-2. [↑](#footnote-ref-2)
3. This is compensation and must be reported on the employee's W-2, regardless of the value. [↑](#footnote-ref-3)
4. To be non-taxable, the University must keep sufficient records to substantiate the business purpose for all attendees and their affiliations using appropriate forms. [↑](#footnote-ref-4)
5. To qualify as a non-taxable employee fringe benefit, the discount cannot exceed 20% of the face value and must be available to all University employees. [↑](#footnote-ref-5)
6. Taxable unless one of the other situations applies, i.e., the tickets are de minimis value and only given occasionally. [↑](#footnote-ref-6)
7. To qualify as non-taxable, a bona fide business purpose for the spouse's participation must be documented in detail. Their participation must be essential, not just beneficial. [↑](#footnote-ref-7)
8. Prizes are taxable to recipients, regardless of value. The University is required to report it to the IRS on Form 1099-Misc when the aggregate value is greater than $600 per year. [↑](#footnote-ref-8)
9. The tax exemption does not apply to highly-compensated employees where the program or benefit favors those highly-compensated employees. [↑](#footnote-ref-9)