Instructions for processing Exhibit B

Each component university will complete Exhibit B, Taxable Payments or Reimbursements to Employees, when an employee is to receive a taxable fringe benefit that will be reported on the employee’s Form W-2, except for excludible fringe benefits identified in Section 2.2 of SAM 03.D.06. Exhibit B indicates the method of payment for each fringe benefit. Whether the payment will be made through Accounts Payable or Payroll, the requesting department will forward the completed Exhibit B and supporting documentation to the Tax Department. Generally, an Electronic Personnel Action Request (ePAR) form is not required for payments through Payroll, since the Exhibit B provides the necessary information.

The Tax Department will verify that the payment is taxable, sign the Exhibit B, and forward the Exhibit B to the Payroll Department. Payroll will record the payment as additional taxable income on the employee’s payroll record and withhold applicable taxes. If the payment will be made through Accounts Payable on a voucher, the Tax Department will also forward a copy of the Exhibit B and backup to the Payroll Department for processing.

Those payments that are clearly understood to be taxable may be processed through Accounts Payable or Payroll and recorded on the employee’s payroll record before submitting the Exhibit B to the Tax Department, though the Exhibit B should be submitted to the Tax Department no more than one week later.