

**UNIVERSITY OF HOUSTON SYSTEM
ADMINISTRATIVE MEMORANDUM**

SECTION: Human Resources

NUMBER: 02.E.02

AREA: Miscellaneous Benefits

SUBJECT: Perquisites

1. PURPOSE

The guidelines concerning payment or reimbursement of specific types of expenses, known herein as perquisites, and the tax treatment thereof, is set forth in this document. This document does not address business expense reimbursements, which are covered in SAM 03.A.02 Business Expenses.

2. POLICY

All perquisites are treated as part of the compensation package of an individual. The human resources department of each component university will serve as the repository for perquisite records, and authorization for existing and new perquisites should follow the authorization requirements for compensation changes. In addition, in accordance with United States income tax laws and regulations, items which are subject to Federal Income Tax should be treated by the employee as taxable income. The employer is responsible for including the value of taxable benefits in the employee's Form W-2 and the employee is responsible for maintaining appropriate documentation to support the deductibility of any employment-related expenses for Federal income tax purposes.

3. PROCEDURES

3.1. Perquisites include any tangible benefit provided to faculty and employees, including, but not limited to, housing, car allowance, leased car, spousal travel, insurance, club membership and maid services. Perquisites do not include reimbursable business expenses which are properly documented in accordance with IRS requirements and SAM 03.A.02. Perquisites are not entitlements to any class of employee, may be made available only after thorough and careful consideration of the benefit to the System, and must be specifically approved by the university's president (or designee) or by the chancellor (or designee) as applicable.

3.2. All perquisites authorizations must be documented in the official personnel file of each individual.

- 3.3. For perquisites paid by accounts payable rather than through payroll, the accounts payable department will receive periodically (as authorized perquisites may change) from each President (or designee) or the Chancellor (or designee) as applicable, a listing of the personnel authorized for each category of perquisite. Disbursements for perquisites will not be made unless the employee is listed as authorized to receive the perquisite. Perquisites will be paid only through the accounts payable or payroll departments. Disbursements for perquisites will not be made from petty cash or imprest accounts.
- 3.4. Perquisites will be reported as income to the employee on their Form W-2 unless appropriate documentation as to business use is provided in accordance with IRS requirements. It is the responsibility of the employee to maintain records in accordance with IRS guidelines to properly identify deductible items.

4. ANNUAL REPORTING

The President of each component university (or designee) or the Chancellor (or designee), as applicable, will prepare annually, on or before January 30th, for the Vice Chancellor for Administration and Finance a summary of the nature and dollar amount of perquisites provided to personnel at each respective location.

5. REVIEW AND RESPONSIBILITIES

Responsible Party: Assistant Vice Chancellor for Human Resources

Review: Every three years on or before August 31

6. APPROVAL

Approved: John Rudley
Vice Chancellor for Administration and Finance

Jay Gogue
Chancellor

Date: April 27, 2005

7. INDEXING TERMS

Car Allowance
Club Membership
Gasoline Credit Card
Housing Allowance
Leased Car
Perquisites
Taxable Fringe Benefits