

**TICKETS TO EMPLOYEES  
TAXABILITY MATRIX**

<b>SITUATION</b>	<b>EXAMPLE (1)</b>	<b>REFERENCE(S)</b>	<b>EMPLOYEE TAX STATUS</b>	<b>SPOUSE/FAMILY TAX STATUS (6)</b>
Tickets in exchange for services	Six basketball tickets for painting an office	A form of compensation (payment in kind) IRS Publication 15, Circular E, Employer's Tax Guide	Taxable (4)	Taxable (4)
There is a clear business purpose for attending the event	Employee is attending the event to ensure the microphones, speakers and or displays are working properly	Working condition fringe benefit IRS Publication 15-B, Employer's Tax Guide to Fringe Benefits	Non-Taxable (3)	Taxable
Award of tickets with a value greater than \$100	Season tickets to an employee	De minimus (Minimal) benefits (EXCEEDED) IRS Publication 15-B Employer's Tax Guide to Fringe Benefits University Policy 505, Gifts and Awards	Taxable	Taxable
Award of <u>occasional</u> tickets of minimal value (less than \$100)	Employee receives an award of 6 tickets valued at \$60	De Minimus (Minimal) Benefits IRS Publication 15-B, Employer's Tax Guide to Fringe Benefits University Policy 505, Gifts and Awards	Non-Taxable	Non-Taxable
Discount on ticket face value	Employee purchases \$100 of tickets for \$80	Employee Discounts IRS Publication 15-B, Employer's Tax Guide to Fringe Benefits	Non-Taxable (2)	Non-Taxable (2)
Employee affiliated with the program, but not fulfilling job responsibilities	Coach of one sport attends the event of another sport - show of support or esprit de corps	Directly Related and Associated Tests (NOT MET) IRS Publication 463 Travel, Entertainment, Gift & Car University Policy 516, Meals and Entertainment	Taxable	Taxable
Attending event to cultivate potential donors or host University guests	VP and spouse hosting community leaders and their spouses	Directly Related and Associated Tests IRS Publication 463 Travel, Entertainment, Gift & Car University Policy 516, Meals and Entertainment	Non-Taxable (3)	Non-Taxable (3)
Tickets from random drawing	Attendee at a University function wins door prize for 4 tickets	Internal Revenue Code 74 Prizes and Awards Employment must be incidental to the basis upon which the prize is awarded & with no expectation for future services	<\$100 Non-Taxable >\$100 Taxable	Taxable (5)
Excess capacity or unsold tickets to employees and their family	On game day, the event did not sell-out and University gave away extra tickets to employees	No-Additional-Cost Services IRS Publication 15-B Employer's Tax Guide to Fringe Benefits	Non-Taxable	Non-Taxable
Unsold tickets from another University to USU employees when there is a reciprocal agreement between the Universities	The event did not sell-out and a University with a reciprocal agreement with USU gave away tickets to USU employees	No-Additional-Cost Services, Reciprocal Agreements IRS Publication 15-B Employer's Tax Guide to Fringe Benefits	Non-Taxable	Non-Taxable

- (1) These examples are for illustrative purposes only. The listed tax references determine the taxability of specific situations.
- (2) 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
- (3) For the transaction to be non-taxable, the University department must keep sufficient records to substantiate the business purpose for all attendees, e.g., meals and entertainment form
- (4) This is compensation and must be reported on the employee's W-2, regardless of the value
- (5) Prizes are taxable to non-employee recipients, regardless of value. Reportable to IRS on 1099-MISC when aggregate value exceeds \$600/year
- (6) If tickets are provided to the employee and their spouse/family, the taxable value (as applicable) is generally attributed to the employee and reported on the W-2