



LAKE SUPERIOR STATE UNIVERSITY PROCEDURES MANUAL

Administrative Policy

Section: Business and Support Operations

Section Number: 3.19.2

Subject: Salaries and Wages: Compensation in Kind

Page: 1 of 1

Date of Present Issue:

09/19/2017

Date of Previous Issues:

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Policy:

The Payroll Office at LSSU will use the following guidelines when determining the taxable value for an employee's university provided Housing and/or Meals.

Housing:

If an employee has an option to receive additional compensation in place of lodging, then the lodging, if chosen, is taxable.

Lodging is only excluded from wages (compensation in kind CIK) of the employee if **all three** of the following conditions are met:

- on the employer's business premises;
- for the employer's convenience; and
- as a condition of employment

Employees living on campus that do not meet the above criteria (as determined by the Payroll Office) will be charged taxes on the fair market value of the lodging. For the 17/18 fiscal year, the assessed value was determined by examining the Fair Market Value of housing within Sault Ste. Marie*, while considering the amount an LSSU student would pay for similar housing on campus.

Housing in Village or similar: \$100/week

Housing in Duplex (Easterday or similar): \$160/week per person for 3-4 people in the unit.

Housing in Duplex (Easterday or similar): \$180/week per person for 2 people in the unit.

Housing in Duplex (Easterday or similar): \$230/week per person for 1 person in the unit.

Meals:

If an employee has an option to receive additional compensation in place of meals, then the meals, if chosen, are taxable.

Meals are only excludable from wages (compensation in kind CIK) of the employee if they are provided:

- on the employer's business premises; and
- for the employer's convenience.

Meals are provided for the convenience of the employer if they are provided for a substantial "non-compensatory" reason; that is, the intention is NOT to provide additional pay for the employee. Meals furnished to Food Service employees, before, during, or after work hours (and contiguous to the work hours) meet this guideline, and therefore will not be taxed.

Employees receiving free meals on campus that do not meet the above criteria (as determined by the Payroll Office) will be charged taxes on the fair market value of the meals. For the 17/18 fiscal year, the assessed value is equivalent to the cost charged to the Laker Platinum cardholders (based on 17/18 fiscal year rates and adjusted yearly):

Breakfast:	\$4.40
Lunch:	\$5.46
Dinner:	\$7.11

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*FMV: From the HUD Website, <https://www.huduser.gov/portal/datasets/fmr.html>