

# **HEALTH BENEFITS E-NEWS**

*Department of Human Resource Management  
Office of Health Benefits*

*March 15, 2012*

## **Processing of Reimbursements and Incentives**

Beginning in April 2012, the report in agency HuRman folders called "BES-Taxable-Incentives" will include two separate categories for processing: cash incentive and non-cash incentive. The cash incentive "bucket" is for cash paid directly to the employee, for example the Weight Watchers reimbursement. The non-cash category is for an incentive provided to an employee that is not a direct cash payment, for example a gift card or iPad.

For CIPPS agencies:

- Cash incentive:* Add the reimbursement/incentive payment to the employee's paycheck and withhold the appropriate taxes. Use Special Pay 033, HLTINCTV. See Payroll Bulletin 2012-04 at [www.doa.virginia.gov/Payroll/Payroll\\_Main.cfm](http://www.doa.virginia.gov/Payroll/Payroll_Main.cfm).
- Non-cash incentive:* Continue to process as instructed earlier in Department of Accounts Payroll Bulletins 2011-21 and 2011-22. Use Special Pay 049, NC AWDS, and 071, ER PD TX (where applicable).

For non-CIPPS agencies:

- Cash incentive:* Add the reimbursement/incentive payment to the employee's paycheck and withhold the appropriate taxes.
- Non-cash incentive:* Add the value of the incentive to the employee's taxable income (do not include in actual payment to the employee) and withhold the appropriate taxes.

Please share this information with your agency's payroll officer. Incentives for non-Medicare eligible retiree group members are taxable, and we are working on a solution to report the resulting taxable income. Processing of retiree payments will be handled separately.