

Disclaimer: Tax laws vary greatly by country, province, state, and municipality, so please contact your financial team to learn about specific tax laws.

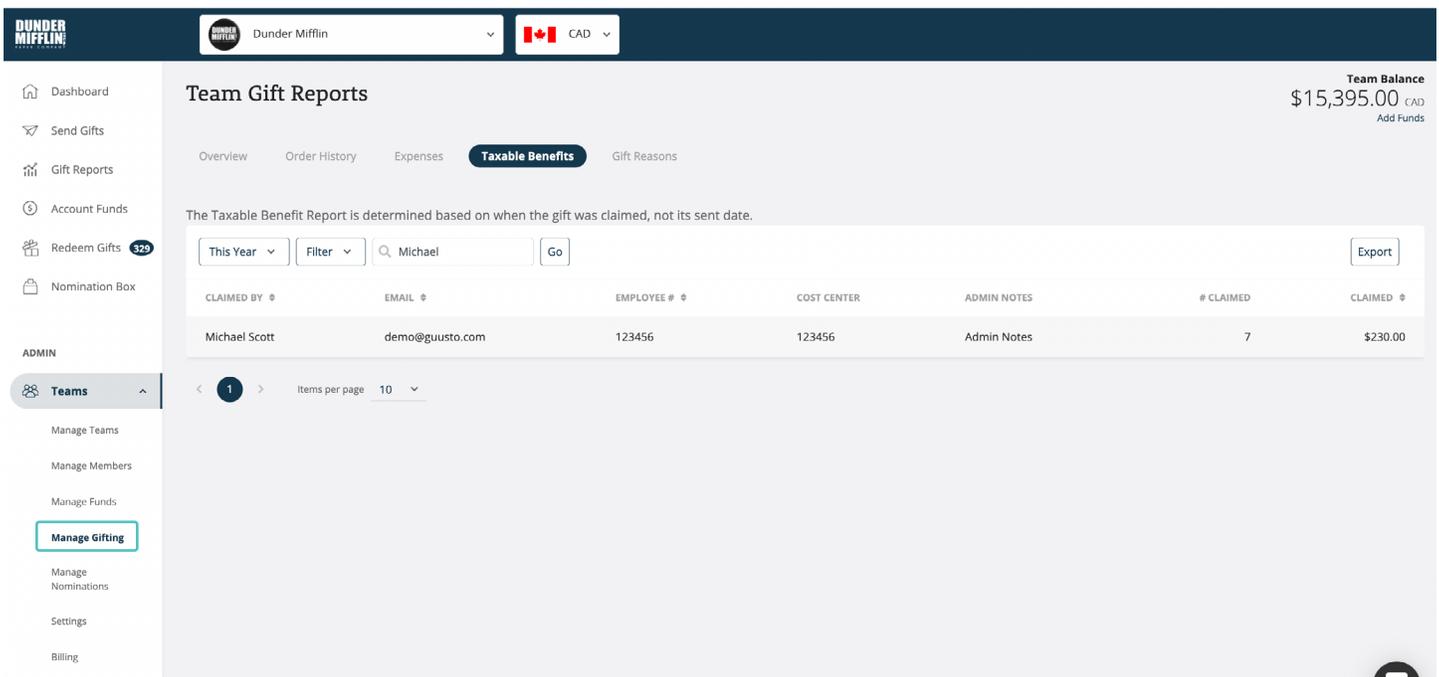
Many benefits and perks provided to employees are considered taxable benefits. Whether it's a gym membership, cell phone plan, redeemed rewards, or a gift card, they're all considered a taxable benefit. Tracking and reporting taxable benefits may sound complex or time-consuming, but they don't have to be when using the right tools.

Thanks to Guusto's robust reporting, you can easily report on taxable benefits on a frequent basis. The benefits of recognizing your employees far outweigh the small amount of time it will take you to process their taxable benefits.

Guusto Makes Taxable Benefits Easy

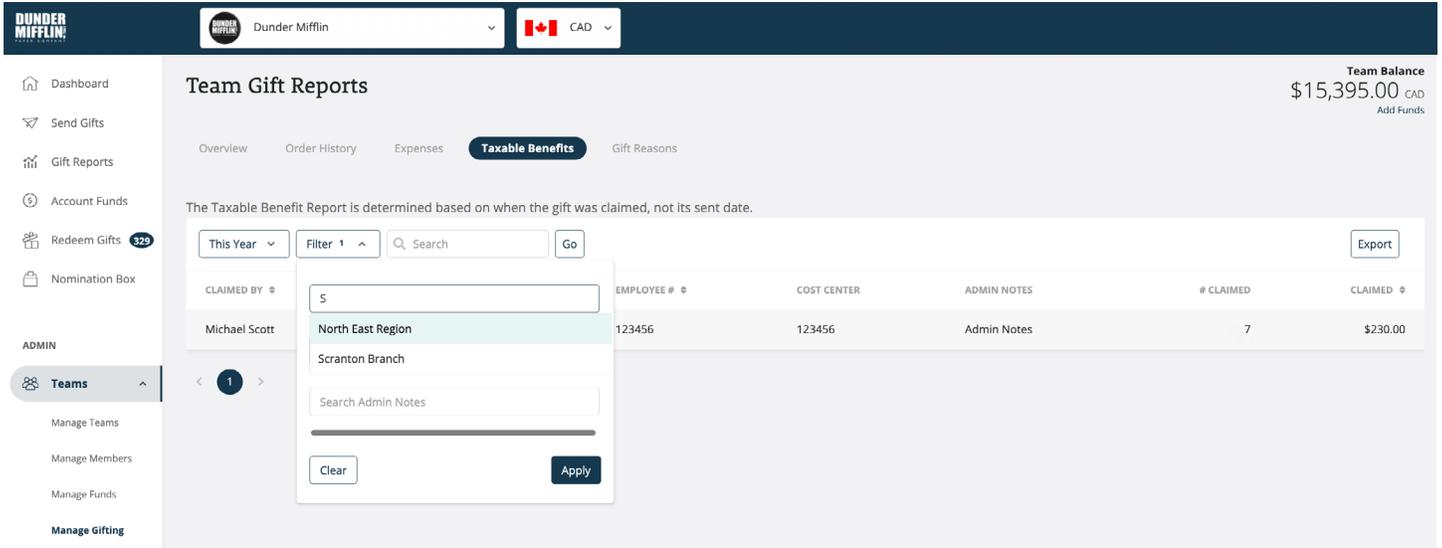
With Guusto, you're able to pull a taxable benefit report which will show you the dollar value claimed by each individual over a given time period.

To get to the taxable benefits report, sign into an **admin Guusto account**. From there, go to **"Teams"** and navigate to **"Manage Gifting"**. At the top of this page you'll see a header called **"Taxable Benefits"**.



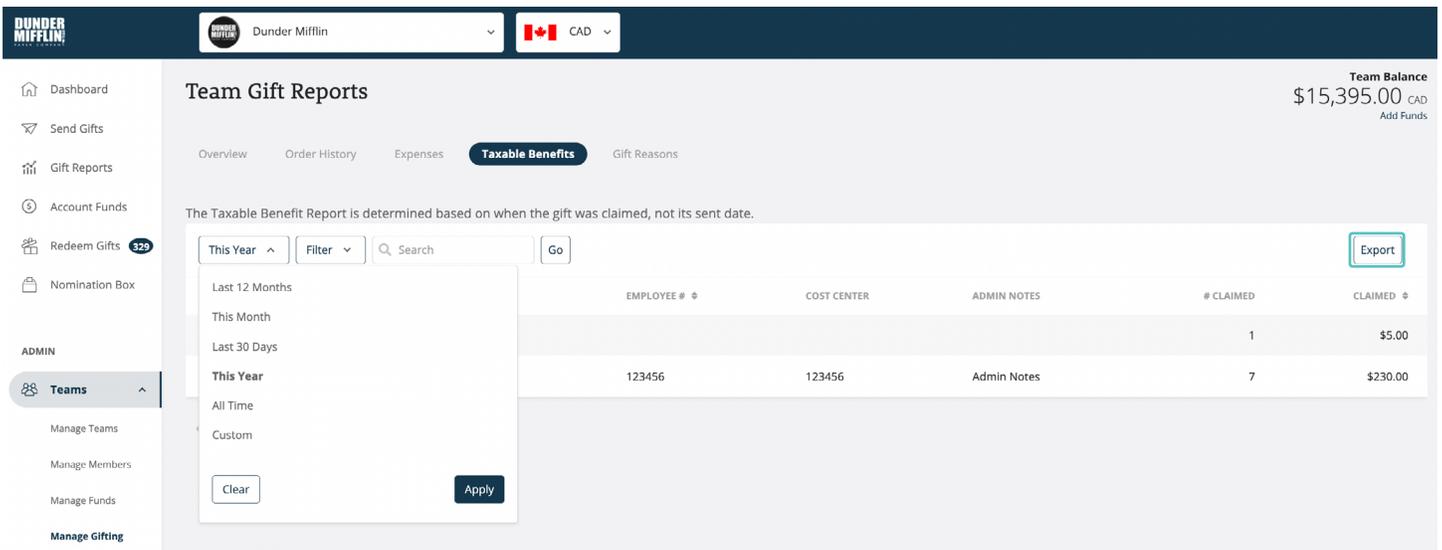
The screenshot shows the Guusto interface for 'Team Gift Reports'. The top navigation bar includes the Guusto logo, the company name 'Dunder Mifflin', and the currency 'CAD'. The left sidebar lists various navigation options, with 'Manage Gifting' highlighted. The main content area displays the 'Team Gift Reports' page, which includes tabs for 'Overview', 'Order History', 'Expenses', 'Taxable Benefits', and 'Gift Reasons'. A 'Team Balance' of \$15,395.00 CAD is shown in the top right corner. Below the tabs, a message states: 'The Taxable Benefit Report is determined based on when the gift was claimed, not its sent date.' A search bar contains the name 'Michael' and a 'Go' button. An 'Export' button is located in the top right of the report area. The report table has the following columns: CLAIMED BY, EMAIL, EMPLOYEE #, COST CENTER, ADMIN NOTES, # CLAIMED, and CLAIMED. The data row shows: Michael Scott, demo@guusto.com, 123456, 123456, Admin Notes, 7, and \$230.00. At the bottom of the table, there is a pagination control showing '1' items per page and a dropdown for 'Items per page' set to '10'.

From here, you can filter the taxable benefits report by parameters such as date and location.



The screenshot shows the 'Team Gift Reports' page for 'Dunder Mifflin' in 'CAD'. The 'Taxable Benefits' tab is active. A filter dropdown is open, showing '5' in the search field and 'North East Region' selected. The table below shows one row of data:

CLAIMED BY	EMPLOYEE #	COST CENTER	ADMIN NOTES	# CLAIMED	CLAIMED
Michael Scott	123456	123456	Admin Notes	7	\$230.00



The screenshot shows the 'Team Gift Reports' page with a date filter dropdown open. The dropdown lists: 'Last 12 Months', 'This Month', 'Last 30 Days', 'This Year', 'All Time', and 'Custom'. The table below shows two rows of data:

EMPLOYEE #	COST CENTER	ADMIN NOTES	# CLAIMED	CLAIMED
			1	\$5.00
123456	123456	Admin Notes	7	\$230.00

To export the report, click **“Export”** on the right side of the screen.

This report can be uploaded into most payroll systems. Your payroll system will then process the taxable benefit and withholdings automatically, making it a light lift for your finance team.

If you encounter challenges uploading the taxable benefits document, please reach out to your payroll system provider as they can provide more guidance for their specific product.



What will my employees see?

Once you process the taxable benefit report in your payroll system, the employee's pay stub, as well as their year-end tax form, will reflect the gifts claimed and any taxes withheld.

What is grossing up?

Because the employee will pay taxes on the gift received, some companies will choose to "gross up" the benefit.

Grossing-up is the practice of topping up the amount an employee receives to cover the tax they'll be charged. Let's say you have an employee at a 30% tax rate who receives a \$100 gift card. Without being grossed up, they'll receive the full amount of the gift card and then have \$30 of tax deducted from their paycheck.

If you were to gross up the benefit, you would give the employee a \$136 gift card with an explanation that \$36 of it is to offset the tax deduction. The decision to gross up your employee benefits is an individual business decision and there's no right or wrong answer.

Are taxable rewards right for you?

We know nobody likes paying taxes. However, employees almost always appreciate being recognized and receiving a gift that is relevant to them, even if it is taxable. And a taxable gift card, that the employee can spend where they like, is preferable to a set gift card that would be taxed but not necessarily used by the employee.

You may also consider a points-based reward system thinking points can't be taxed. But while the points employees earn are not taxed, the rewards redeemed using points are taxable. A points system is actually more difficult when it comes to taxes due to a lack of transparency around the value of the reward, which can lead to confusion for your accounting team and your employees.

By choosing a gift card-based reward system, the value of the gift is easily understood by everyone.

Contact us to book a [demo](#) today.