

SENSIBA SAN FILIPPO LLP

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

The following is a summary of the filing requirements for employee fringe benefits as of December 31, 2008. *Please read this letter carefully and in its entirety. If you carry company owned vehicles on your books, this letter requires your immediate attention.*

Fringe Benefits

Employers are required to include the value of certain fringe benefits as income on an employee's Form W-2 (Wage and Tax Statement).

The fringe benefit income inclusion items may be aggregated with the employee's salary and included in one Form W-2, or may be included in a separate Form W-2. **The fringe benefit income inclusion amount is subject to payroll withholdings and the amount must be included in a payroll processing prior to the end of the year.**

We have provided a partial list of reportable fringe benefits on page 2 of this letter.

**Amounts Which Must Be Included in an Employee's W-2 Gross Wages
And
Which Are Subject to Employment Taxes
(Not All Inclusive)**

Most Common:

1. Personal use of Company automobile.
2. Employer paid group term life insurance exceeding \$50,000.
3. Nonqualified moving expense reimbursements.
4. Transit passes and employer-provided transportation exceeding \$115 per month.
5. Qualified parking exceeding \$220 per month.
6. Meals and lodging, if not provided for employer's convenience.

Less Common:

7. Personal use of employer provided aircraft.
8. Interest on below market employee loans (Sec. 7872).
9. Employer paid IRA contributions.
10. Profit Realized on premature sale of stock acquired under an incentive stock option plan.
11. Discriminatory employer provided group health insurance that does not qualify for exclusion from gross income.
12. Excess medical reimbursement for discriminating self-insured plans.
13. Employer-provided educational assistance exceeding \$5,250.

**In addition to the above items,
the following must be included in a >2% S Corporation shareholder's W-2:**

Most Common:

14. Employer paid accident and health plan premiums.
15. All employer paid life insurance premiums.

Less Common:

16. Sec. 125 Cafeteria benefit plan amounts.
17. Employee Achievement Awards