Instructions for Schedule J (Form 990)

Compensation Information

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Schedule J (Form 990) and its instructions, such as legislation enacted after they were published, go to IRS.gov/Form990.

General Instructions

Note. Terms in bold are defined in the Glossary of the Instructions for Form 990, Return of Organization Exempt From Income Tax.

Purpose of Schedule

Schedule J (Form 990) is used by an organization that files Form 990 to report compensation information for certain officers, directors, individual trustees, key employees, and highest compensated employees, and information on certain compensation practices of the organization.

Part II of Schedule J may be duplicated if additional space is needed. Use as many duplicate copies of Part II as needed, and number each page.

Who Must File

An organization that answered “Yes” on Form 990, Part IV, line 23, must complete Schedule J. Do not file Schedule J for institutional trustees.

If an organization isn’t required to file Form 990 but chooses to do so, it must file a complete return and provide all of the information requested, including the required schedules.

Part I, Questions Regarding Compensation

For purposes of Part I, a listed person is a person listed on Form 990, Part VII, Section A.

Line 1. Report information regarding certain benefits (if any) provided to persons listed on Form 990, Part VII, Section A, line 1a.

Line 1a. Check the appropriate box(es) if the organization provided any of the listed benefits to any of the persons listed on Form 990, Part VII, Section A, regardless of whether such benefits are reported as compensation on Form W-2, Wage and Tax Statement, box 1 or box 5, or Form 1099-MISC, Miscellaneous Income, box 7. For each of the listed benefits provided to or for a listed person, provide in Part III the following information:

- The type of benefit.
- The listed person who received the benefit, or a description of the types (for example, all directors) and number of listed persons that received the benefit.

- Whether the benefit, or any part of it, was treated as taxable compensation to the listed person.

First-class travel refers to any travel on a passenger airplane, train, or boat with first-class seats or accommodations by a listed person or his or her companion if any portion of the cost above the lower-class fare is paid by the organization. First-class travel doesn’t include intermediate classes between first class and coach, such as business class on commercial airlines. Bump-ups to first class free of charge or as a result of using frequent flyer benefits, or similar arrangements that are at no additional cost to the organization, can be disregarded.

Charter travel refers to travel on an airplane, train, or boat under a charter or rental arrangement. Charter travel also includes any travel on an airplane or boat that is owned or leased by the organization.

Travel for companions refers to any travel of a listed person’s guest not traveling primarily for bona fide business purposes of the organization. It also refers to any travel of a listed person’s family members, whether or not for bona fide business purposes.

Tax indemnification and gross-up payments refer to the organization’s payment or reimbursement of any tax obligations of a listed person.

Discretionary spending account refers to an account or sum of money under the control of a listed person with respect to which he or she isn’t accountable to the organization under an accountable plan, whether or not actually used for any personal expenses. Accountable plans are discussed in Accountable plan amounts, later (under Part II, column (D) instructions).

Housing allowance or residence for personal use refers to any payment for, or provision of, housing by the organization for personal use by a listed person, including a ministerial housing or parsonage allowance.

Department of the Treasury
Internal Revenue Service
Payments for business use of personal residence refers to any payment by the organization for the use of all or part of a listed person’s residence for any purpose of the organization.

Health or social club dues or initiation fees refers to any payment of dues by the organization for the membership of a listed person in a health or fitness club or a social or recreational club, whether or not such clubs are tax exempt. It doesn’t include membership fees for an organization described in section 501(c)(3) or section 501(c)(6) unless such organization provides health, fitness, or recreational facilities available for the regular use of a listed person. Health club dues don’t include provision by the organization of an on-premises athletic facility described in section 132(j)(4), or provision by a school of an athletic facility available for general use by its students, faculty, and employees. Dues include the entrance fee, periodic fees, and amounts paid for use of such facilities.

Personal services refers to any services for the personal benefit of a listed person or the family or friends of a listed person, whether provided regularly (on a full-time or part-time basis) or as needed, whether provided by an employee of the organization or independent contractor (and whether the independent contractor is an individual or an organization). They include, but aren’t limited to, services of a babysitter, bodyguard, butler, chauffeur, chef, concierge or other person who regularly runs nonincidental personal errands, escort, financial planner, handyman, landscaper, lawyer, maid, masseur/masseuse, nanny, personal trainer, personal advisor or counselor, pet sitter, physician or other medical specialist, tax preparer, and tutor for nonbusiness purposes. Personal services don’t include services provided to all employees on a nondiscriminatory basis under a qualified employee benefit plan.

Line 1b. If the organization provided any of the benefits listed in line 1a to one or more listed persons, answer “Yes” if the organization followed a written policy regarding the payment, provision, or reimbursement of all such benefits to listed persons. If the organization didn’t follow a written policy for payment, provision, or reimbursement of any listed benefits, explain in Part III who determined the organization would provide such benefits and the decision-making process.

Line 2. Answer “Yes” if the organization required substantiation of all expenses or benefits listed on line 1a, in accordance with the rules for accountable plans discussed in Accountable Plan amounts, later (under Part II, column (D) instructions), before reimbursing or allowing all such expenses incurred by any directors, trustees, and officers, including the organization’s top management official (all referred to as “top management official”). An organization can answer “Yes” if it checked the “Discretionary spending account” box on line 1a and required substantiation of expenses under the rules for accountable plans for all listed benefits on line 1a other than for discretionary spending accounts.

Line 3. Check the appropriate box(es) to indicate which methods, if any, the organization used to establish the compensation of the organization’s top management official. If the organization relied on a compensation consultant that used a method described in line 3 to help determine compensation for the top management official, the organization may check the box for that method in line 3. Do not check any box(es) for methods used by a related organization to establish the filing organization’s compensation of the filing organization’s top management official. Explain in Part III if the organization relied on a related organization that used one or more of the methods described next to establish the top management official’s compensation.

Compensation committee refers to a committee of the organization’s governing body responsible for determining the top management official’s compensation package, whether or not the committee has been delegated the authority to make an employment agreement with the top management official on behalf of the organization. The compensation committee can also have other duties. Independent compensation consultant refers to a person outside the organization who advises the organization regarding the top management official’s compensation package, holds himself or herself out to the public as a compensation consultant, performs valuations of nonprofit executive compensation on a regular basis, and is qualified to make valuations of the type of services provided. The consultant is independent if he or she doesn’t have a family relationship or business relationship with the top management official, and if a majority of his or her appraisals are performed for persons other than the organization, even if the consultant’s firm also provides tax, audit, and other professional services to the organization.

Form 990 of other organizations refers to compensation information reported on a Form 990 series return of similarly situated organizations, and includes Forms 990, 990-EZ, Short Form Return of Organization Exempt From Income Tax, and 990-PF, Return of Private Foundation.

Written employment contract refers to one or more recent or current written employment agreements to which the top management official and another organization are or were parties, written employment agreements involving similarly situated top management officials with similarly situated organizations, or written employment offers to the top management official from other organizations dealing at arm’s length.

Compensation survey or study refers to a study of top management official compensation or functionally comparable positions in similarly situated organizations.

Approval by board or compensation committee refers to the ultimate decision by the governing body or compensation committee on behalf of the organization regarding whether to enter into an employment agreement with the top management official, and the terms of such agreement.

Line 4. List in Part III the names of listed persons paid amounts during the year by the filing organization or a related organization under any arrangement described in lines 4a through 4c, and report the amounts paid during the year to each such listed person. Also describe in Part III the terms and conditions of any arrangement described in lines 4a through 4c in which one or more listed persons participated during the year, regardless of whether any payments to the listed person were made during the year.

Line 4a. Answer “Yes” if a listed person received a severance or change-of-control payment from the organization or a related organization. A severance payment is a payment made if the right to the payment is
contingent upon the person's severance from service in specified circumstances, such as upon an involuntary separation from service or under a separation or termination agreement voluntarily entered into by the parties. Payments under a change-of-control arrangement are made in connection with a termination or change in the terms of employment resulting from a change in control of the organization. Treat as a severance payment any payment to a listed person by the organization or a related organization in satisfaction or settlement of a claim for wrongful termination or demotion.

**Line 4b.** Answer “Yes” if a listed person participated in or received payment from any supplemental nonqualified retirement plan established, sponsored, or maintained by or for the organization or a related organization. A supplemental nonqualified retirement plan is a nonqualified retirement plan that isn't generally available to all employees but is available only to a certain class or classes of management or highly compensated employees. For this purpose, include as a supplemental nonqualified retirement plan a plan described in section 457(f) (but don't include a plan described in section 457(b)) and a split-dollar life insurance plan.

**Line 4c.** Answer “Yes” if a listed person participated in or received payment from the organization or a related organization of any equity-based compensation (such as stock, stock options, stock appreciation rights, restricted stock, or phantom or shadow stock), or participated in or received payment from any equity compensation plan or arrangement sponsored by the organization or a related organization, whether the compensation is determined by reference to equity in a partnership, limited liability company, or corporation. Equity-based compensation doesn't include compensation contingent on the revenues or net earnings of the organization, which are addressed by lines 5 and 6 later.

**Example.** A, a listed person, is an employee of organization B. As part of A's compensation package, A is to be paid a bonus equal to x% of B's net revenues from a particular department operated by B for a specified period of time. This arrangement is a payment contingent on revenues of the organization, and must be reported on line 5, regardless of whether the payment is contingent on achieving a certain revenue target. However, if instead the bonus payment is a specific dollar amount (for instance, $5,000) to be paid only if a gross revenue or net revenue target of the department is achieved, the payment isn't contingent on revenues of the organization for this purpose.

**Line 5.** Answer “Yes” if the organization paid or accrued with respect to a listed person any compensation contingent upon and determined in whole or in part by the revenues (gross or net) of one or more activities of the organization or a related organization, or by the revenues (gross or net) of the organization or a related organization as a whole. For this purpose, net revenues means gross revenues less certain expenses, but doesn't mean net income or net earnings. Describe such arrangements in Part III.

**Example.** A, a listed person, is a physician employed by organization B. As part of A's compensation package, A is to be paid a bonus equal to x% of B's net revenues from a particular department operated by B for a specified period of time. This arrangement is a payment contingent on revenues of the organization, and must be reported on line 5, regardless of whether the payment is contingent on achieving a certain revenue target. However, if instead the bonus payment is a specific dollar amount (for instance, $5,000) to be paid only if a gross revenue or net revenue target of the department is achieved, the payment isn't contingent on revenues of the organization for this purpose.

**Line 6.** Answer “Yes” if the organization paid or accrued with respect to a listed person any compensation contingent upon and determined in whole or in part by the net earnings of one or more activities of the organization or a related organization, or by the net earnings of the organization or a related organization as a whole. Describe such arrangements in Part III.

**Example.** A, a listed person, is an employee of organization B. As part of A's compensation package, A is to be paid a bonus equal to x% of B's net earnings for a specified period of time. This arrangement is a payment contingent on net earnings of the organization for line 6 purposes, regardless of whether the payment is contingent on achieving a certain net earnings target. However, if instead the bonus payment is a specific dollar amount to be paid only if a net earnings target is achieved, the payment isn't contingent on the net earnings of the organization for this purpose.

**Line 7.** Answer “Yes” if the organization provided any non-fixed payments, not described on lines 5 and 6, for a listed person. Describe such arrangements in Part III. A fixed payment is an amount of cash or other property specified in the contract, or determined by a fixed formula specified in the contract, which is to be paid or transferred in exchange for the provision of specified services or property. A fixed formula can incorporate an amount that depends upon future specified events or contingencies, provided that no person exercises discretion when calculating the amount of a payment or deciding whether to make a payment, such as a bonus. Amounts paid or accrued to any listed person that aren't fixed amounts as defined earlier are non-fixed payments. For example, any amount paid to a person under a reimbursement arrangement where discretion is exercised by any person as to the amount of expenses incurred or reimbursed is a non-fixed payment. See Regulations section 53.4958-4(a)(3).

**Exception.** Amounts payable under a qualified pension, profit-sharing, or stock bonus plan under section 401(a) or under an employee benefit program that is subject to and satisfies coverage and nondiscrimination rules under the Internal Revenue Code (for example, sections 127 and 137), other than nondiscrimination rules under section 9802, are treated as fixed payments for purposes of line 7, regardless of the organization's discretion with respect to the plan or program. The fact that a person contracting with the organization is expressly granted the choice to accept or reject any economic benefit is disregarded in determining whether the benefit constitutes a fixed payment for purposes of line 7.

**Line 8.** Answer “Yes” if any amounts from the organization reported on Form 990, Part VII, were paid under a contract subject to the initial contract exception described in Regulations section 53.4958-4(a)(3). Describe such arrangements in Part III. Fixed payments made under an initial contract aren't subject to section 4958. An initial contract is a binding written contract between the organization and a person who wasn't a disqualified person (within the meaning of section 4958(f)(1)) with respect to the organization immediately prior to entering into the contract. See the instructions for line 7 for the definition of fixed payments.

**Line 9.** Answer “Yes” if the payments described in line 8 were made under an initial contract that was reviewed and approved by the organization following the rebuttable presumption procedure.
described in Regulations section 53.4958-6(c). For more information on the initial contract exception and rebuttable presumption procedure, see Appendix G. Section 4958 Excess Benefit Transactions in the Instructions for Form 990.

Part II. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

Enter information for certain individuals listed on Form 990, Part VII, Section A, as described below. Report compensation for the calendar year ending with or within the organization's tax year paid to or earned by the following individuals:

• Each of the organization's former officers, former directors, former trustees, former key employees, and former five highest compensated employees listed on Form 990, Part VII, Section A.
• Each of the organization's current officers, directors, trustees, key employees, and five highest compensated employees for whom the sum of Form 990, Part VII, Section A, columns (D), (E), and (F) (disregarding any decreases in the actuarial value of defined benefit plans) is greater than $150,000.
• Each of the organization's current and former officers, directors, trustees, key employees, and five highest compensated employees who received or accrued compensation from any unrelated organization or individual for services rendered to the filing organization, as reported on line 5 of Form 990, Part VII, Section A. List in Part III the name of each unrelated organization that provided compensation to such persons, the type and amount of compensation it paid or accrued, and the person receiving or accruing such compensation, as explained in the instructions for Form 990, Part VII, Section A, line 5.

All current key employees listed on Form 990, Part VII, Section A, must also be reported on Schedule J, Part II, because their reportable compensation, by definition, exceeds $150,000.

Do not list any individuals in Schedule J, Part II, that aren't listed on Form 990, Part VII, Section A. Do not list in Part II management companies or other organizations providing services to the organization. Do not list highest compensated independent contractors reported on Form 990, Part VII, Section B.

For each individual listed, enter compensation from the organization on row (i), and compensation from all related organizations on row (ii). Related organizations are explained in the Glossary in the Instructions for Form 990. Any type and amount of reportable compensation from related organizations that was excluded from Form 990, Part VII, Section A, column (E), under the $10,000-per-related-organization exception, must be included on Schedule J, Part II, columns (B)(i), (B)(ii), and (B)(iii). If there is no compensation to report in a particular column, enter “0-."

If the organization answered “Yes” to Form 990, Part VII, Section A, line 5, report such compensation from the unrelated organization as if it were received from the organization, and enter the name of the unrelated organization in Part III.

For a table showing how and where to report certain types of compensation on Schedule J, see the instructions for line 1 of Form 990, Part VII, Section A.

Any type and amount of other compensation that was excluded from Form 990, Part VII, Section A, under the $10,000-per-item exception for certain other compensation items, must be included in Schedule J, Part II, column (C) or (D).

For purposes of Part II, a listed person is a person required to be listed in Part II.

If there are more individuals to report in Part II than space available, Part II may be duplicated to list the additional individuals. Use as many duplicate copies as needed, and number each page.

Column (A). Enter the name and title of each person who must be listed in Part II.

Column (B). Amounts reported on Form 990, Part VII, Section A, columns (D) and (E), must be broken out between columns (B)(i), (B)(ii), and (B)(iii).

For certain kinds of employees, such as certain members of the clergy and religious workers who aren't subject to social security and Medicare taxes as employees, the amount in box 5 of Form W-2 may be blank or less than the amount in box 1 of Form W-2. In this case, the amount required to be reported in box 1 of Form W-2 for the listed persons must be reported, as appropriate, in columns (B) (i), (B)(ii), and (B)(iii).

Column (B)(i). Enter the listed person's base compensation in column (B)(i). Enter all current-year deferrals of compensation for the listed person under any retirement or other deferred compensation plan, whether qualified or nonqualified, that is established, sponsored, or maintained by or for the organization or a related organization. Report as deferred compensation the annual increase or decrease in actuarial value, if any, of a defined benefit plan, but don't report earnings or losses accrued on deferred amounts in a defined contribution plan.

Column (B)(ii). Enter all other payments issued to the listed person and included in box 1 or box 5 (whichever is greater) of Form W-2 or box 7 of Form 1099-MISC issued to the person. Examples include payments based on satisfaction of a performance target (other than mere longevity of service), and payments at the beginning of a contract before services are rendered (for example, signing bonus).

Column (B)(iii). Enter all other payments issued to the listed person and included in box 1 or box 5 (whichever is greater) of Form W-2 or box 7 of Form 1099-MISC issued to the person. Examples include payments based on satisfaction of a performance target (other than mere longevity of service), and payments at the beginning of a contract before services are rendered (for example, signing bonus).

Column (C). Enter all current-year deferrals of compensation for the listed person under any retirement or other deferred compensation plan, whether qualified or nonqualified, that is established, sponsored, or maintained by or for the organization or a related organization. Report as deferred compensation the annual increase or decrease in actuarial value, if any, of a defined benefit plan, but don't report earnings or losses accrued on deferred amounts in a defined contribution plan. Do not enter in column (C) any payments of compensation included in box 1 or box 5 (whichever is greater) of Form W-2 or box 7 of Form 1099-MISC issued to the listed person for the calendar year ending with or within the...
organization’s **tax year**. Enter a reasonable estimate if actual numbers aren’t readily available.

For this purpose, **deferred compensation** is compensation that is earned or accrued in, or is attributable to, 1 year and deferred for any reason to a future year, whether or not funded, vested, or subject to a substantial risk of forfeiture. This includes earned but unpaid incentive compensation deferred under a deferred compensation plan. But don't report in column (C) a deferral of compensation that causes an amount to be deferred from the calendar year ending with or within the tax year to a date that isn't more than 2 1/2 months after the end of the calendar year ending with or within the tax year. Note that different rules can apply for determining whether an arrangement provides for deferred compensation for purposes of Internal Revenue Code provisions such as section 83, 409A, 457(f), or 3121(v).

Do not report deferred compensation in column (C) before it is earned or accrued under the principles described. For this purpose, deferred compensation is generally treated as earned or accrued in the year that services are rendered, except when entitlement to payment is contingent on satisfaction of specified organizational goals or performance criteria (other than mere longevity of service) under the deferred compensation plan. If the payment of an amount of deferred compensation requires the employee to perform services for a period of time, the amount is treated as accrued or earned ratably over the course of the service period, even though the amount isn't funded and may be subject to a substantial risk of forfeiture until the service period is completed.

Report deferred compensation for each listed person regardless of whether such compensation is deferred as part of a deferred compensation plan that is administered by a separate trust, as long as the plan is established, sponsored, or maintained by or for the organization or a related organization for the benefit of the listed person.

The following examples illustrate when deferred compensation is considered earned or accrued, as well as when and how it is to be reported. In these examples, assume that the amounts deferred aren’t reported on Form W-2, box 1 or box 5, prior to the year during which the amounts are paid.

**Example 1.** An executive participates in Organization A’s nonqualified deferred compensation plan. Under the terms of the plan beginning January 1 of calendar year 1, she earns for each year of service an amount equal to 2% (0.02) of her base salary of $100,000 for that year. These additional amounts are deferred and aren’t vested until the executive has completed 3 years of service with Organization A. In year 4, the deferred amounts for years 1 through 3 are paid to the executive. For each of the years 1 through 3, Organization A enters $2,000 of deferred compensation for the executive in column (C). For year 4, Organization A enters $6,000 in column (B)(iii) and $6,000 in column (F).

**Example 2.** Under the terms of his employment contract with Organization B beginning July 1 of calendar year 1, an executive is entitled to receive $50,000 of additional compensation after he has completed 5 years of service with the organization. The compensation is contingent only on the longevity of service. The $50,000 is treated as accrued or earned ratably over the course of the 5 years of service, even though it isn't funded or vested until the executive has completed the 5 years. Organization B makes payment of $50,000 to the executive in calendar year 6. Organization B enters $5,000 of deferred compensation in column (C) for calendar year 1 and $10,000 for each of calendar years 2 through 5. For calendar year 6, Organization B enters $50,000 in column (B)(iii) and $45,000 in column (F).

**Example 3.** An executive participates in Organization C’s incentive compensation plan. The plan covers calendar years 1 through 5. Under the terms of the plan, the executive is entitled to earn 1% (0.01) of Organization C’s total productivity savings for each year during which Organization C’s total productivity savings exceed $100,000. Earnings under the incentive compensation plan will be payable in year 6, to the extent funds are available in a certain “incentive compensation pool.” For years 1 and 2, Organization C’s total productivity savings are $95,000. For each of years 3, 4, and 5, Organization C’s total productivity savings are $120,000. Accordingly, the executive earns $1,200 of incentive compensation in each of years 3, 4, and 5. She doesn't earn anything under the incentive compensation plan for years 1 and 2 because the relevant performance criteria weren't met in those years. Although the amounts earned under the plan for years 3, 4, and 5 are dependent upon there being a sufficient incentive compensation pool from which to make the payment, Organization C enters $1,200 of deferred compensation in column (C) in years 3, 4, and 5. In year 6, Organization C pays $3,600 attributable to years 3, 4, and 5, and enters $3,600 in column (B)(iii) and $3,600 in column (F).

**Example 4.** A new executive participates in Organization D’s nonqualified defined benefit plan, under which she will receive a fixed dollar amount per year for a fixed number of years beginning with the first anniversary of her retirement. The benefits don't vest until she serves for 15 years with Organization B. Because the benefits should be treated as accruing ratably over the 15 years, for year 1 the actuarial value of 1/15th of the benefits is reported as deferred compensation in column (C). For year 2, the actuarial value of 2/15ths of the benefits minus last year’s value of 1/15th is reported as deferred compensation in column (C). For year 3, the actuarial value of 3/15ths of the benefits minus last year’s value of 2/15ths is reported, and so on.

**Column (D).** **Nontaxable benefits** are benefits specifically excluded from taxation under the Internal Revenue Code. Report the value of all nontaxable benefits provided to or for the benefit of the listed person, other than benefits disregarded for purposes of section 4958 under Regulations section 53.4958-4(a)(4). Common nontaxable and section 4958 disregarded benefits, referred to as fringe benefits below, are discussed in detail beginning on this page.

Depending on the type of benefit, fringe benefits can be provided only to employees or also to persons other than employees, such as directors, trustees, and independent contractors. Fringe benefits can be entirely personal in nature or can combine personal and business elements.

The taxability of a benefit can depend upon the form in which it is provided. For example, a cash housing allowance is ordinarily reportable on Form W-2, box 5. Under section 119, housing provided for the convenience of the employer can be excludable, and the fair rental value of in-kind housing provided to certain school employees can be part taxable and part excludable, depending on facts and circumstances.
Taxable benefits must be reported on Form W-2.

The following benefits provided for a listed person must be reported in column (D) to the extent not reported as taxable compensation on Form W-2, box 1 or box 5, or Form 1099-MISC, box 7.

- Value of housing provided by the employer, except to the extent such value is a working condition fringe.
- Educational assistance.
- Health insurance.
- Medical reimbursement programs.
- Life insurance.
- Disability benefits.
- Long-term care insurance.
- Dependent care assistance.
- Adoption assistance.
- Payment or reimbursement by the organization (or payment of liability insurance premiums for) any penalty, tax, or expense of correction owed under chapter 42 of the Internal Revenue Code, any expense not reasonably incurred by the person in connection with a civil judicial or civil administrative proceeding arising out of the person's performance of services on behalf of the organization, or any expense resulting from an act or failure to act with respect to which the person has acted willfully and without reasonable cause.

The list above is not all-inclusive.

**Disregarded benefits.** Disregarded benefits under Regulations section 53.4958-4(a)(4) need not be reported in column (D). Disregarded benefits generally include fringe benefits excluded from gross income under section 132. These benefits include the following.

- No-additional cost service.
- Qualified employee discount.
- De minimis fringe.
- Reimbursements under an accountable plan.
- Working condition fringe.
- Qualified transportation fringe.
- Qualified moving expense reimbursement.
- Qualified retirement planning services.
- Qualified military base realignment and closure fringe.

**De minimis fringe.** A de minimis fringe is a property or service the value of which, after taking into account the frequency with which similar fringes are provided by the employer to the employees, is so small as to make accounting for it unreasonable or administratively impractical.

**Working condition fringe.** A working condition fringe is any property or service provided to an employee to the extent that, if the employee paid for the property or service, the payment would be deductible by the employee under section 162 (ordinary and necessary business expense) or section 167 (depreciation).

In some cases, property provided to employees may be used partly for business and partly for personal purposes, such as automobiles. In that case, the value of the personal use of such property is taxable **compensation,** and the value of the use for business purposes properly accounted for is a working condition fringe benefit. Cell phones provided to employees primarily for business purposes (other than compensation) are a working condition fringe benefit; in such case, the employee's personal use is a de minimis fringe. See Notice 2011-72, 2011-38 I.R.B. 407. See Pub. 587, Business Use of Your Home, for special rules regarding deductibility of home expenses for business use.

**Accountable plan amounts.** An accountable plan is a reimbursement or other expense allowance arrangement that meets each of the following rules.

1. The expenses covered under the plan must be reasonable employee business expenses that are deductible under section 162 or other provisions of the Code.
2. The employee must adequately account to the employer for the expenses within a reasonable period of time.
3. The employee must return any excess allowance or reimbursement within a reasonable period of time. See Regulations section 1.62-2 and Pub. 535, Business Expenses, for explanations of accountable plans.

The method by which benefits under an accountable plan are provided (whether reimbursement, cash advances with follow-up accounting, or charge by the employee on company credit card) isn't material. Payments that don't qualify under the accountable plan rules, such as payments for which the employee didn't adequately account to the organization, or allowances that were more than the payee spent on serving the organization, are compensation.

Directors and trustees are treated as employees for purposes of the working condition fringe provisions of section 132. Therefore, treat cash payments to directors or trustees made under circumstances substantially identical to the accountable plan provisions as a section 132 working condition fringe.

See Pub. 15-B, Employer's Tax Guide to Fringe Benefits; Pub. 521, Moving Expenses; and Unreimbursed Employee Expenses in Pub. 529, Miscellaneous Deductions, for further explanation of section 132 fringe benefits and for determining whether a given section 132 fringe benefit is available to nonemployees, such as directors and trustees, or to persons who no longer work for the organization.

**Column (F).** Enter in column (F) any payment reported in this year's column (B) to the extent such payment was already reported as deferred compensation to the listed person in a prior Form 990, 990-EZ, or 990-PF. For this purpose, the amount must have been reported as compensation specifically for the listed person on the prior form.

**Part III. Supplemental Information**

Use Part III to provide narrative information, explanations, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. List in Part III the name of each unrelated organization that provided compensation to persons listed in Form 990, Part VII, Section A; the type and amount of compensation the unrelated organization paid or accrued; and the person receiving or accruing such compensation. Also use Part III to provide other narrative explanations and descriptions, as applicable. Identify the specific part and line(s) that the response supports.