

Gas cards and gift cards: Are they taxable benefits, or not?

Q: An employee who has a gas card gets reimbursed 100% every month from Accounts Payable. Is this a taxable benefit? If so, how much is taxable—the full amount or the portion related to personal use?

A: The portion related to the employee's personal use is taxable. The employee must keep a log of both personal and business use. If the employee fails to substantiate his or her personal and business use, the entire reimbursement would become taxable.

Q: Is a gift card purchased with a supervisor's personal money and given to an employee in recognition of achievement considered taxable income?

A: Yes. The gift card is considered remuneration for services performed. The fact that the manager paid out of pocket isn't relevant because the supervisor is the employer's agent.