

What is included in Compensation?



<u>Item</u>	415 Compensation (Current Income Definition)	Federal Income Tax Wage Withholding (Code §3401(a))	Form W-2 (Box 1)
1. Salary reduction amounts (Code §§125, 401(k), etc.)	<u>Include.</u>	<u>Exclude.</u>	<u>Exclude.</u>
2. Employee's receipts pursuant to an unfunded nonqualified plan.	<u>Exclude.</u>	<u>Include.</u>	<u>Include.</u>
3. Tips.	<u>Include.</u>	<u>Include</u> , but exclude noncash tips and cash tips less than \$20/month.	<u>Include</u> , but exclude noncash tips and cash tips less than \$20/month.
4. Fringe benefits.	<u>Include</u> all amounts includible in income.	<u>Include</u> all <i>except</i> items specifically <i>excluded</i> under §3401(a); benefits/ payments excludible from income under §§74(c), 117, 132, 127, 129.	<u>Include</u> all amounts includible in income.
5. Amounts paid under accident and health plans (which are <i>includible</i> in income).	<u>Exclude.</u>	<u>Exclude</u> medical reimbursement under a self-insured medical plan within §105(h)(6).	<u>Include.</u>
6. Employee's moving expense.	<u>Exclude.</u>	<u>Exclude</u> amount <i>deductible</i> under 217.	<u>Include.</u> But plan may modify the definition of compensation to exclude deductible moving expenses. See 1.415(c)2(d)
7. Cost of group term life insurance in <i>excess</i> of \$50,000.	<u>Include.</u>	<u>Exclude.</u>	<u>Include.</u>
8. Amounts realized from exercise of non-qualified stock option or when restricted stock or property becomes fully transferable or no longer subject to substantial risk of forfeiture.	<u>Exclude.</u>	<u>Include.</u>	<u>Include.</u>
9. Amounts realized from sale or exchange of stock acquired under a qualified stock option.	<u>Exclude.</u>	<u>Exclude.</u>	<u>Exclude.</u>
10. Value of a non-qualified stock option included in income in the year in which granted.	<u>Exclude.</u>	<u>Include.</u>	<u>Include.</u>
11. Amount includible in income upon making §83(b) election.	<u>Exclude.</u>	<u>Include.</u>	<u>Include.</u>