

## **Tax Tip**

**Week of May 23, 2011**

### **Computer and Internet Services**

An employer can provide a computer and internet service to employees without a taxable benefit being assessed, if the primary benefit is for the employer. For example, the computer was required for the employee to work from home. Incidental personal use of the computer does not change the non-taxable status.

Typically the employee pays the monthly internet bill and submits an expense report to the employer for reimbursement. To ensure that the employee is not subject to a taxable benefit, employers are advised to develop a policy on working from home and related expenses such as computers and internet connections. Problems arise when employers attempt to allow all employees to be reimbursed, rather than those employees who have a legitimate business need to have an employer supplied computer and internet connection.