

Employee Awards

Employee awards are excludable by the employee and deductible to the employer only to the extent of the award – generally, \$400 per employee per taxable year. (Internal Revenue Code Sections 74 & 274)

Employee awards that represent bonuses, commissions, or any other type of additional compensation must be added to employee earnings and are subject to Federal income tax withholding, Social Security, Medicare, and State and Federal unemployment taxes.