



# Vitality Tax Report

## Quick Guide for Employers

### Purpose

This report helps employers account for Vitality wellness rewards, such as gift cards and Apple Watch repayments, as taxable non-cash wages. These values must be processed through payroll and included in employees' gross income.

### Key concepts

- Taxable income: Redeemed rewards are considered taxable non-cash wages by the IRS. They must be added to employees' gross pay for tax calculations.
- Reporting period: There is a two-month turnaround between when an employee or covered spouse redeems a reward and when the claim is sent to the employer (e.g., rewards claimed in June will appear on the August report).
- Who's included: Reports include rewards redeemed by both the employee and covered spouse. Spousal claims may include values earned by working off Apple Watch payments through the Apple Watch program.
- Delivery: Reports are mailed to ministries around the 15th of each month. If no qualifying activity occurred during the reporting period, no report will be sent.
  - > A year-end summary report is provided in addition to the monthly reports.
- Contents: Each Vitality Tax Report you receive will include:
  - > The value of rewards redeemed by your employees and/or their covered spouses from the redemption period.
  - > The cumulative year-to-date value of redeemed rewards for each employee and/or their covered spouse.

### Types of redeemed rewards

The report may include:

- Gift card redemptions for accumulated Vitality Bucks
- Apple Watch payments worked-off (typically less than \$15 per redemption)
- Gym rebates redeemed
- Instant Rewards for key activities
- Device subsidies
- Game-based rewards such as:
  - > Vitality Squares
  - > Active Rewards Spins (These may be smaller in value, such as \$5 gift cards.)

## Payroll processing

- The value of the Vitality Wellness rewards is considered a non-cash wage and subject to FICA/SECA tax and applicable federal and state taxes.
- Add the reward value to the employee's gross pay for tax purposes.
- Do not pay the rewards to the employee directly. Vitality has already issued the reward.
- Include the reward value and associated taxes on the employee's Form W-2.

If you have any questions or need assistance with payroll system setup, please reach out to your payroll provider or tax consultant.