



Frequently asked questions about work-life referral services

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This fact sheet provides answers to frequently asked questions (FAQs) addressing the tax treatment of work-life referral services (sometimes also called caregiver or caretaker navigation services) provided by an employer to an employee. Under certain circumstances, the value of such referral services can be excluded from gross income and employment taxes as a de minimis fringe benefit.

These FAQs are being issued to provide general information to taxpayers and tax professionals as expeditiously as possible. Accordingly, these FAQs may not address a particular taxpayer's specific facts and circumstances, and they may be updated or modified upon further review. Because these FAQs have not been published in the Internal Revenue Bulletin, they will not be relied on or used by the IRS to resolve a case. Similarly, if an FAQ turns out to be an inaccurate statement of the law as applied to a particular taxpayer's case, the law will control the taxpayer's tax liability. Nonetheless, a taxpayer who reasonably and in good faith relies on these FAQs will not be subject to a penalty that provides a reasonable cause standard for relief, including a negligence penalty or other accuracy-related penalty, to the extent that reliance results in an underpayment of tax. Any later updates or modifications to these FAQs will be dated to enable taxpayers to confirm the date on which any changes to the FAQs were made. Additionally, prior versions of these FAQs will be maintained on IRS.gov to ensure that taxpayers, who may have relied on a prior version, can locate that version if they later need to do so.

More information about [reliance is available](#). These FAQs were announced in [IR-2024-110](#).

Background on work-life referral programs

A work-life referral (WLR) program is an employer-funded fringe benefit that provides WLR services to eligible employees. WLR services are restricted to informational and referral consultations that assist employees with identifying, contacting, and negotiating with life-management resources for solutions to a personal, work, or family challenge.

WLR programs are often incorporated into an employee assistance program (EAP) or may otherwise be bundled with other types of services or programs offered by an employer. These FAQs do not address the direct or indirect payment for the life-management resources or other services offered through an EAP or that may be bundled with a WLR program. These FAQs only address the federal tax treatment of WLR services.

WLR services include assistance with completing paperwork and basic administrative tasks that help direct the employee to appropriate providers of the necessary underlying life-management resources (e.g., adult- and child-care centers, financial services providers, home repair tradespeople). WLR programs work with subject-matter specialists who are trained in helping employees navigate through work-life challenges involving access to and eligibility for child and elder care, health care, government and employer-provided benefits, and legal and financial issues. More specifically, WLR services offer employees guidance, support, information, and referrals in connection with, for example:

- identifying appropriate education, care, and medical service providers,
- choosing a child or dependent care program,
- navigating eligibility for government benefits, including Veterans Administration benefits,
- evaluating and using paid leave programs offered through employer or a state or locality,
- locating home services professionals who specialize in adapting a home for a family member with special care needs,
- navigating the medical system, including private insurance and public programs, and utilizing available medical travel benefits, and
- connecting the employee with local retirement and financial planning professionals.

WLR programs may be available to a significant portion of an employer's employees, but they are used infrequently by employees and only when an employee faces one of the particular challenges the programs are designed to address.

WLR programs often rely on third-party providers that charge the employer a per-eligible-employee monthly fee, regardless of how many employees actually utilize the WLR services. WLR programs sometimes provide employees with access to a set number of consultations per year covering a variety of life-management issues.

The use of a WLR service provider adds a desirable layer of anonymity so that employees who may be grappling with sensitive issues affecting their family, finances, or health have the assurance that their communications will remain confidential and not be disclosed to their employer, and employers do not need to establish systems for handling sensitive or protected information.

Background on tax treatment of de minimis fringe benefits

Section 61 of the Internal Revenue Code (Code) provides that gross income includes all income from whatever source derived, including compensation for services, fees, commissions, fringe benefits, and similar items. A fringe benefit provided by an employer to an employee is presumed to be income to the employee unless it is specifically excluded from gross income by another section of the Code.

Section 132(a)(4) of the Code provides that gross income does not include any fringe benefit that qualifies as a de minimis fringe. Section 132(e) defines a de minimis fringe as any property or service the value of which is (after taking into account the frequency with which similar fringes are provided by the employer to the employer's employees) so small as to make accounting for it unreasonable or administratively impracticable.

Section 1.132-6(b)(1) of the Treasury Regulations requires the employer to establish the frequency with which it provides fringe benefits by referencing the frequency with which the employer provides the fringe benefits to each individual employee (the "employee-measured" frequency standard). If the employer can

establish that it would be administratively difficult to determine such employee-measured frequency, it may instead reference the frequency with which the employer provides the fringe benefits to the workforce as a whole, under section 1.132-6(b)(2) of the Treasury Regulations (the “employer-measured” frequency standard).

Certain items, such as cash and cash equivalent fringes (e.g., fringes provided through a gift certificate or charge or credit card), cannot be de minimis fringes (except for special rules that apply to occasional meal money and local transportation fare).

For purposes of the Federal Insurance Contributions Act (FICA), the Federal Unemployment Tax Act (FUTA), and federal income tax withholding, sections 3121(a)(20), 3306(b)(16), and 3401(a)(19) of the Code provide, in part, that the term “wages” does not include any benefit provided to or on behalf of an employee if, at the time the benefit is provided, it is reasonable to believe that the employee will be able to exclude the benefit from income under section 132.

Questions and answers on work-life referral services

Q1. What is a de minimis fringe benefit?

A1. In general, a de minimis fringe benefit is one which, considering its value and the frequency with which it is provided, is so small that accounting for it would be unreasonable or administratively impracticable. In circumstances where it would be administratively difficult to determine the frequency with which fringe benefits are provided to each employee, the employer can measure frequency using the employer-measured frequency standard. De minimis fringe benefits are excluded from gross income and are not subject to U.S. employment taxes.

Q2. Do employer-provided WLR services result in gross income to the employee?

A2. No, the use of such referral and information services would be excluded from gross income as a de minimis fringe benefit.

Q3. Are employer-provided WLR services subject to U.S. employment taxes?

A3. No, the use of such referral and information services would be excluded from U.S. employment taxes, including FICA, FUTA, and U.S. federal income tax withholding as a de minimis fringe benefit.

IRS-FAQ