

**UNIVERSITY OF HOUSTON SYSTEM  
ADMINISTRATIVE MEMORANDUM**

**SECTION: Human Resources**

**NUMBER: 02.E.02**

**AREA: Miscellaneous Benefits**

**SUBJECT: Perquisites**

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1. PURPOSE

The guidelines concerning payment or reimbursement of specific types of expenses, known herein as perquisites, and the tax treatment thereof, is set forth in this document. This document does not address business expense reimbursements, which are covered in [SAM 03.A.02, Entertainment Expenditures](#).

2. POLICY

All perquisites are treated as part of the compensation package of an individual. The human resources department of each university will serve as the repository for perquisite records, and authorization for existing and new perquisites should follow the authorization requirements for compensation changes. In addition, in accordance with United States income tax laws and regulations, items which are subject to Federal Income Tax should be treated by the employee as taxable income. The employer is responsible for including the value of taxable benefits in the employee's Form W-2, and the employee is responsible for maintaining appropriate documentation to support the deductibility of any employment-related expenses for Federal income tax purposes.

3. PROCEDURES

3.1. Perquisites include any tangible benefit provided to faculty and employees, including, but not limited to, housing, car allowance, leased car, spousal travel, insurance, club membership and maid services. Perquisites do not include reimbursable business expenses which are properly documented in accordance with IRS requirements and [SAM 03.A.02](#). Perquisites are not entitlements to any class of employee, may be made available only after thorough and careful consideration of the benefit to the System, and must be specifically approved by the university's president (or designee) or by the Chancellor (or designee) as applicable.

3.2. All perquisites authorizations must be documented in the official personnel file of each individual.

