



TaxNewsFlash

United States

No. 2024-142
April 16, 2024

IRS issues FAQs related to tax treatment of work-life referral services provided to employees

The IRS today issued “frequently asked questions” (FAQs) in [Fact Sheet 2024-13](#) related to the tax treatment of work-life referral services provided to employees under an employer’s work-life referral program (WLR program) and provide that generally such programs are excluded from employee income and employment tax withholding as a de minimis fringe benefit.

As described in the related IRS release—[IR-2024-110](#) (April 16, 2024)—a WLR program is an employer-funded fringe benefit that provides work-life referral services (i.e., informational and referral consultations that assist employees with identifying, contacting, and negotiating with life-management resources for solutions to personal, work, or family challenges) to eligible employees. A WLR program may be offered under an Employee Assistance Program. Common WLR services include:

- 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
- Connecting the employee with local retirement and financial planning professionals

These programs are used infrequently by employees, even if offered to a large population of employees. These programs are usually operated by a third party to provide anonymity to employees related to sensitive topics and employers do not need to establish systems to handle protected information.

The FAQs clarify that under certain circumstances, the value of work-life referral services provided to employees through a work-life referral program can be excluded from income and employment taxes as a de minimis fringe benefits.

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