

Dear Members,

I recently encountered an important insight regarding courtesy officer income that I believe could benefit many of our members. It pertains to the tax treatment of this income, which is often misunderstood.

It's crucial to note that all courtesy officer income should not be considered taxable income, regardless of whether a 1099 form is issued. According to the IRS, courtesy officer income falls under the category of fringe benefits and is therefore not subject to taxation. While this income still needs to be reported on your taxes, it qualifies for an exception under EXCLUSION 1.119-1b.

One particularly advantageous aspect of this revelation is that individuals may be eligible to reclaim taxes paid on courtesy officer income for up to the past three years. This presents an opportunity for significant financial relief for those who have been paying taxes on this income unnecessarily. In January I refiled my taxes for 2022 and 2021 and just this week I received a refund check.

For those interested, I can recommend an accountant who helped me navigate this process effectively:

- Jack Schulze
- Jack@LedgerSheet.net
- 512-371-1040
- <https://ledgersheet.net/>

Reg 1.119-1b states the following:

The value of lodging furnished to an employee, the employee's spouse, or dependents, by or on behalf of the employer, is excluded from the employee's gross income, if:

- (1) the lodging is furnished on the business premises of the employer;*
- (2) the lodging is furnished for the convenience of the employer; and*
- (3) the employee is required to accept such lodging as a condition of employment (Reg. §1.119-1(b)).*

Lodging is a condition of employment if the employee is required to accept the lodging in order to properly perform the duties of the employment. This means that the lodging is furnished because the employee must be available for duty at all times or because the employee could not perform the required services unless the employer furnished such lodging.

Here is a link with the full law [https://www.law.cornell.edu/cfr/text/26/1.119-1#:~:text=\(a\)%20Meals%E2%80%94\(1,the%20convenience%20of%20the%20employer.](https://www.law.cornell.edu/cfr/text/26/1.119-1#:~:text=(a)%20Meals%E2%80%94(1,the%20convenience%20of%20the%20employer.)

I'd like to express my gratitude to Cpl Nonweiler and Officer Gonzales for suggesting this accountant who helped me navigate this process effectively.

If anyone has questions feel free to reach out to me.

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