

Oklahoma State University Policy and Procedures

CLOTHING AND/OR UNIFORMS PROVIDED TO EMPLOYEES

**3-0203
ADMINISTRATION
& FINANCE
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INTRODUCTION

1.01 It is the intent of Oklahoma State University (OSU) to be in compliance with current Internal Revenue Code as it relates to the proper reporting of clothing and/or uniforms provided to employees.

1.02 Any taxable benefit OSU provides to employees must be reported in the recipient's W-2 income unless the law specifically excludes it.

POLICY

2.01 Correct determination of the taxability of clothing and/or uniforms provided to employees is essential for adherence to the Internal Revenue Code. To enhance coordination and ensure consistent and proper treatment of clothing and/or uniforms provided to employees by OSU, these policies and procedures have been developed and are intended to be used by all departments.

2.02 The correct determination as to taxability is sometimes complex and will require the exercise of informed judgment, particularly in cases where the qualifying factors are not immediately clear. Each instance will be separately evaluated.

2.03 Branch campuses may establish the level of approval which best suits their organizational structure as long as the intent of this policy is followed

PROCEDURES

3.01 A request for determination of taxability is to be completed by the department purchasing clothing and/or uniforms to be provided to employees. The department making these types of purchases is best qualified to make the determinations as they know the particulars of a given purchase.

3.02 The request for determination of taxability form and instructions is available from the Office of the Associate Vice President for Administration and Finance website at <https://adminfinance.okstate.edu/avpaf/exceptions-forms-guidelines.html>. The form is to be completed and maintained by the department for audit review. Determination as to taxability must be based on IRS criteria, which states clothing and/or uniforms are excluded from wages only if they are:

- Specifically required as a condition of employment, **AND** are
- Not worn **OR** adaptable to general usage as ordinary clothing.

Although the IRS does not specifically define de minimus, the institution will define de minimus and these guidelines can be found within the Office of the Associate Vice President for Administration and Finance website at <https://adminfinance.okstate.edu/avpaf/exceptions-forms-guidelines.html>. This means if the value of all articles of clothing purchased for, or distributed to, a given employee in a year can reasonably be determined to be valued below de minimus, they will be non-taxable under the de minimus rule.

3.03 For clothing and/or uniforms determined to **not** be taxable as a fringe benefit to the employee, the department may purchase the items following University Purchasing Policies and Procedures and Purchasing Card (PCard) Policies and Procedures. If any purchases of non-taxable clothing and/or uniforms are made by Pcard, the department must maintain and keep available a copy of the determination for review.

3.04 For clothing and/or uniforms determined to be taxable as a fringe benefit to the employee, all invoices must be processed through University Accounting in order to capture the information needed to comply with IRS guidelines. The department is responsible for identifying each article of clothing and/or uniform distributed by employee name and campus-wide identification (CWID) number. This information will be reported to University Accounting as instructed. A PCard is **not** to be used for the purchase of clothing and/or uniforms which are determined to be a taxable benefit to an employee.

3.05 If the department determines clothing and/or uniforms to be non-taxable and the purchases are later ruled by the IRS to be taxable, the employee is responsible for any individual taxes and penalties. The applicable department is responsible for any related taxes and penalties assessed against OSU.

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