

Uniform (Work Clothes) Procedure

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7.01 Purpose:

The IRS considers uniform (work clothes) to be a taxable fringe benefit. The IRS states that clothing or uniforms are excluded from wages of an employee if they are (1) a specifically required condition of employment and (2) are not worn or adaptable to general usage as ordinary clothing.

For uniforms (work clothes) not to be a taxable item to wage, they must meet the accountable plan rules for clothing allowances. (*IRC, §162; Reg. §1.62-2(c)(1)*) The IRS can declare that all clothing is taxable unless the previous two conditions are met.

It is the responsibility of New Mexico Tech to identify employees as representatives of the university and to protect its students, faculty and staff by identifying employees as workers of the university. It will also enable New Mexico Tech to comply with IRS rules regarding the taxability of employee uniforms. Uniforms (work clothes) must have a visible identifiable logo that identifies the person as a New Mexico Tech employee.

7.02 Eligibility:

Employees who meet the eligibility of the accountable plan for uniforms (work clothes) will be approved by department supervisors and directors. Job descriptions shall state the employee's requirement for the use of uniforms in order for the tax on uniforms to be excludable to the employee.

7.03 Approval Process:

All requests for uniforms (work clothes) must be approved by the supervisor and the director of the department.

Clothing purchased for employees is considered a personal fringe benefit according to IRS regulations. It is a taxable fringe benefit and will be taxed to the employee's paycheck.

For full time employees, clothing purchased that is considered a taxable fringe benefit will be taxed based on the dollar amount of clothing furnished to the employee.

7.04 Employee Responsibility:

1. Employees who are issued uniforms (work clothes) must wear them throughout the work day. The uniform is to be worn only during New Mexico Tech's work day or during travel to and from work. This does not prohibit short stops at grocery stores, convenience stores, cleaners, automotive repair shops, and similar businesses while enroute to and from work while in uniform. When on duty Saturday and Sunday, employees must report to work in uniform.
2. Employees who leave New Mexico Tech must turn in all items of clothing to the place designated by the appropriate department supervisor. The department supervisor will then approve the employee's Property Clearance Form.
3. The employee will be required to pay the purchase price for any item not turned in and for any item determined by the appropriate supervisor to be unserviceable due to neglect, carelessness, intentional destruction, or other misuse of clothing.
4. The employee's supervisor will determine appropriate damage charges on the Property Clearance Form. This form will then be routed from Human Resources to Payroll for final payroll deduction from the employee's last payroll check.

7.05 Safety Equipment:

1. If the safety equipment is a requirement of OSHA, and is needed in order for the employee to perform their job in a safer environment; it can then be excludable from taxation. In order for the safety equipment to be excludable, it must meet the accountable plan rules. (*IRC, §162; Reg. §1.62-2(c)(1)*)
2. If the safety equipment is a requirement of a contract and expenses are substantiated by a business need then the equipment, clothing etc., is not taxable to the employee and therefore excluded from taxes to the employee.
3. If the clothing qualifies as excludable, then the cleaning costs are also excludable.

7.06 Departmental Responsibility:

Each department supervisor/director shall be responsible for monitoring their department's use of uniform (work clothes) and carry out disciplinary action for violations of the procedure.

7.07 Human Resources:

When a new employee is hired at New Mexico Tech, and that employee is required to wear a uniform (work clothes) Human Resources will have the new employee fill out an Employee Payroll Request (taxable) form. The employee will sign and date the form indicating their knowledge of the procedure.

If the uniform (work clothes) is taxable the Human Resources office will send the form to Payroll for entering into the Payroll database system. Payroll will then forward the form to the Federal Compliance office for record keeping indicating with a Payroll stamp date on the form that it has been entered.

If the employee receives a uniform excludable from taxes, the employee will sign and date the form indicating their knowledge of this procedure. If the uniform (work clothes) is non-taxable, then Human Resources will send the form directly to the Federal Compliance Office for record keeping.

7.08 Payroll Procedure:

Upon receiving an Employee Uniform Payroll Request (taxable) form from Human Resources, payroll will include income to the employee whose uniform is subject to be taxed and enter into the Payroll database.

When the information has been entered, Payroll will stamp date the form indicating that Payroll has entered the information into the database. Payroll will make a copy to keep in the employee's permanent record.

The form will then be sent to the Federal Compliance Office for record keeping.