**UW-WHITEWATER FINANCIAL SERVICES**

Guidance on Clothing Purchases for Staff Use in Departments

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**PURPOSE:**

The purpose of this guidance paper is to define clothing or uniform options for University faculty and staff and what implications there are for supplying clothing on taxable income.

**BACKGROUND:**

IRS guidelines define most University purchased and clothing supplied to employees as taxable income. This does not hold true for contracted uniform services.

**GUIDANCE:**

There are two types of potential University supplied clothing options. The first is a uniform which is typically delivered by a contractor and is supplied to staff working in an environment in which either special clothing is needed or clothing can be damaged. These uniforms are not to be worn outside of work both by policy and by the nature of the clothing. These items are often can distinguishable by having the employee’s name affixed to the garment. For the purpose of this guidance, this option will be entitled “uniforms.”

Uniforms, which are not taxable, must be worn for business use only and have limitations in place to prevent or discourage wearing of the uniform outside of the work environment.

The second type of clothing is typically a shirt or outer garment with an approved logo and department name on it. This type of clothing is typically given to personnel when it is deemed to be in the best interest of the department for this person to be identified with the department when conducting university business but not necessarily by name. These types of clothing typically are not worn outside of the workplace; however, there is no particular limitation to this action. For the purpose of this guidance, this option will be entitled “provided clothing.”

Provided clothing for employees must be approved by a director or chair of a department or above, and must be deemed a business necessity and not a reward for employees. Once a determination is made for provided clothing, the value of those items must be documented and added to the employee’s taxable income. Clothing that costs less than $50 will be considered de- minimis and excluded from the employee’s taxable income.

**PROCEDURE:**

The determination of providing clothing must be approved by a director or chair of a department or above. In the process of making an order, a separate list from the purchase requisition will be generated and must include the employee’s name, employee ID number and corresponding value of the clothing being ordered for the employee. This list should be submitted to Financial Services with the original invoice and quick order. If the cost of any one item equals or exceeds $50, Financial Services will enter the information into the system to report the employee’s taxable income.

If the purchase is being made using Foundation funds, the list will still need to be sent to Financial Services to document the employee’s name, employee ID number and corresponding value of clothing being ordered for that employee. If the cost of any one item equals or is greater than $50, Financial Services will enter the information into the system for inclusion in the employee’s taxable income.