MIDWESTERN STATE UNIVERSITY

Operating Policies & Procedures Manual

University Operating Policy/Procedure ("OP")
OP 14.03: University Provided Clothing and Uniforms

Approval Authority:	President
Policy Type:	University Operating Policy and Procedure
Policy Owner:	Vice President for Administration and Finance
Responsible Office:	Payroll
Next Scheduled Review:	03/01/2029**.** This OP will be reviewed in March every three (3) years, or as needed, by the Vice President for Administration and Finance and forwarded to the President as needed.

I. Purpose/Reason

The purpose of this OP is to establish standards governing the tax treatment of University-provided clothing and uniforms and to ensure compliance with applicable Internal Revenue Service (IRS) regulations and other applicable laws for Midwestern State University, ("MSU" or "University"), a component institution of the Texas Tech University ("TTU") System.

II. Policy/Procedure

A. General

1. The value of clothing and uniforms provided by the University to employees, including part-time employees, will be treated as taxable income to the employee, unless certain exclusions apply.

2. All University departments and administrative units must comply with applicable Internal Revenue Service (IRS) rules governing the tax treatment of employer-provided clothing and uniforms.

3. Unless the clothing or uniform qualifies for an exclusion described in Section B of this OP, the department or administrative unit providing the clothing or uniform shall report the fair market value of the clothing or uniform to the Payroll Office. The Payroll Office will include the value as a taxable fringe benefit in the employee's taxable compensation if the aggregate value for a calendar year exceeds the amount in Section C of this OP.

4. Any stipend or cash allowance provided to an employee for clothing or uniforms is taxable income to the employee. There are no exclusions to stipends or cash allowances.

B. Working Condition Fringe Benefit Exclusion

1. The value of an item of clothing or a uniform provided by the University to an employee will be treated as non-taxable and thus excludable from income if the following requirements are met:

    a. The University must specifically require the employee to wear the clothing or uniform as a working condition, and

    b. The clothing or uniform must not be suitable for everyday wear. To meet this requirement, the clothing or uniform must not be suitable for taking the place of everyday wear.

2. Examples of clothing and uniforms that meet the working condition fringe benefit exclusion include, and but not limited to:

    a. Clothing that is required to be worn for the employee's safety and protection while on the job, including, but not limited to, steel-toed boots, work gloves, hard hats, safety glasses, and other clothing required by the Occupational Safety and Health Administration (OSHA) regulations.

    b. Uniforms worn by campus police officers, health care professionals, Facilities Services employees, and students participating in official University programs or activities, including student-athletes, cheerleaders, marching bands, and pep bands.

C. De Minimis Fringe Benefit Exclusion

Clothing and uniforms provided by the University to an employee will be treated as non-taxable and thus are excludable from income if the following requirements are met:

1. The clothing and uniforms are provided to the employee infrequently, and

2. The aggregate value of the clothing and uniforms provided to the employee is less than $100.00 per calendar year.

III. Related Statutes, Rules, Policies, Forms, and Websites

Internal Revenue Code, Section 132
IRS Publication 15-B, Employer's Tax Guide to Fringe Benefits
OSHA Standards

IV. Responsible Office

Contact: Payroll
Phone: (940) 397-4132
Email: kathy.rice@msutexas.edu

V. Revision History

__ ______ 202_: Adopted and approved by MSU President Stacia Haynie as Operating Policy/Procedure ("OP") 14.07: Returned Checks.

____
Stacia Haynie, President
Midwestern State University

Date Signed: ______________________________