

**COLORADO STATE UNIVERSITY-PUEBLO**  
**Financial Procedure Instructions**  
**FPI 2-21**

1. **Procedure Title:** CSU-Pueblo provided Uniforms and Clothing
2. **Procedure Purpose and Effect:** The purpose is to define the procedures of taxable uniforms and clothing.
3. **Application of Procedure:** This procedure applies to all clothing and uniforms provided to all university employees, either directly by the University or by a third-party provider through an arrangement with the University.
4. **Exemptions:** None.
5. **Definitions:** The following definitions apply to all expenditures of clothing or uniforms provided by or reimbursed by the University:

**A. Working Condition Fringe**

A working condition fringe benefit must relate to the employer's business and be provided so an employee can perform his/her job. These items are deductible by the employee under code section 132(d) if the employee has purchased the items personally. To be considered working condition fringe the accountable plan rules of code section 162 must be met.

**B. De Minimis Fringe**

A De Minimis fringe benefit is a property or service, provided by an employer for an employee that has a value so small in relation to the frequency with which it is provided, that accounting for it is unreasonable and administratively impractical. The value of the benefit is determined by the frequency it is provided to each individual employee, or, if this is not administratively practical, by the frequency provided to the employer workforce as a whole. (See De Minimis Guidance)

**C. Third Party Provider**

A third party will be treated as the employer and a fringe benefit provided by such third party will be subject to tax reporting by the University if the benefit was part of the employee's contract or was provided through an arrangement with the University. Reg. §1.61-21 (a)(5); IRS Announcement 94-112

6. **Procedure Statement:**

Any clothing or uniform that is provided by or reimbursed by the employer is considered non-taxable if the conditions described in either A, B or C are met. Conditions are considered independently:

- A. **The employee must wear the clothes as a condition of employment, and the clothes are not suitable for everyday wear.** The clothing must be specifically required by CSU-Pueblo and the clothing must not be suitable for taking the place of regular clothing. It is not enough that employees' wear distinctive clothing or that they are not allowed to wear clothes away from work. **Example:** The value of work clothes and their upkeep provided to law enforcement officers is excludable from income because the clothing is not suitable for everyday wear. However, a t-shirt that might be provided to the officer will be taxable because it is suitable for everyday wear.

B. **The clothing is provided infrequently and small in value.** Clothing provided to a single employee as an occasional (once a year or less) prize or gift and are under \$50 in value will be considered De Minimis fringe and will not be included in wages. **Example:** Providing a shirt as a recognition award to an employee will be considered De Minimis fringe if the value is less than \$50 and the award is infrequent (once a year or less). In general, providing shirts to multiple employees will not be considered De Minimis fringe, as frequency may be both employee and employer measured.

C. **Required protective clothing** will be considered non-taxable if the clothing is required to be paid for by the employer as outlined in OSHA guidelines. These items include:

- Rubber Boots
- Various types of glove including latex
- Non-Prescription eye protection
- Shoe Covers
- Hearing protection
- Hard hat
- Lab items such as gloves, shoe covers and goggles

Clothing that OSHA lists as personal clothing is taxable. These items include:

- Non-Specialty safety-toe protected footwear including steel toe shoes and boots
- Non-Specialty prescription eyewear
- Sturdy work shoes or boots
- Ordinary cold weather or rain gear
- Long sleeve shirts or pants

D. **Cash allowances** provided to employees will be considered taxable wages unless the allowance is for excludable expenses as outlined in A, B or C and receipts are provided by the employee

E. Departments should maintain adequate records to show who has received clothing and the value (clothing or uniforms provided is cumulative) to provide to Payroll so the value may be imputed on the employee's W-2.

F. Details of taxable clothing or uniforms must be entered in the **Taxable Fringe Benefit form** and sent to Payroll. This should occur as soon as possible after the clothing or uniform has been given to the employee. The value of the clothing or uniform will be added to the employee's imputed income in the current pay period under the element name "Apparel Imputed."

7. Any services provided by the university for the upkeep of taxable clothing will be taxable in the amount of the invoiced service.

8. Clothing provided by a third party through an arrangement with CSU-Pueblo is treated the same as if it was provided directly by the University and is subject to the same rules for taxation and W-2 reporting. (See IRS ruling as it relates to athletic apparel).

**9. Pricing of clothing:**

If clothing is purchased directly by invoice, clothing items will be valued at purchase price. If clothing is provided to the university free of charge, it will be valued at wholesale price.

10. This FPI relates to clothing and uniforms. Other items provided to employees (e.g. travel bags to employees for official travel) may be taxable. Contact Business Financial Services for guidance.

**11. Forms and Tools:** Taxable Clothing Q & A  
Taxable Fringe Benefit Form