



UNIVERSITY OF DENVER
POLICY MANUAL
UNIVERSITY-PROVIDED CLOTHING

Responsible Department: Business and Financial Affairs
Recommended By: SVC Business and Financial Affairs, AVC University Financial Services, AVC Athletics and Recreation
Approved By: Chancellor

Policy Number
FINA 2.30.021

Effective Date
10/1/2023

I. INTRODUCTION

This Policy sets forth the standards applicable to University-provided clothing for employees to address compliance with tax and other applicable statutes and rules.

II. POLICY OVERVIEW

The Value of any clothing and uniforms provided by the University to employees (which for purposes of this Policy shall include part-time and volunteers) will be treated as taxable income to the employee, unless certain exclusions apply.

III. PROCESS OVERVIEW

A. All University departments and administrative units are required to follow applicable Internal Revenue Service (IRS) rules that pertain to the tax treatment of employer-provided clothing and uniforms.

B. The Value of any item of clothing or uniform provided by the University to an employee must be treated as taxable income to that employee unless an Exclusion applies (see subparagraph D below).

C. Exclusions

1. Working condition fringe benefit exclusion

a. 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:

i. The employee must wear the clothing or uniform as a condition of employment. To meet this requirement, the University must

specifically require the employee to wear the clothing or uniform as a working condition; and

- ii. 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 regular clothing.

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

- i. Clothing that is required to be worn for the employee's safety and protection while on the job, including, and not limited to, steel-toed boots, work gloves, hard hats, safety glasses, and other clothing required by OSHA regulations.
- ii. Uniforms worn by campus safety officers, health care professionals, transportation workers, and student athletic uniforms.
- iii. Uniform/clothing that is rented and/or returned to the University and is maintained in a central area where the clothing is issued to the employee. The clothing must be kept and cleaned on University Premises and reissued on a regular basis. The employee may not assume personal possession of the clothing.

2. De minimis fringe benefit exclusion

- a. 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:

- i. The clothing and uniforms are provided to the employee infrequently; and
- ii. The aggregate Value of the clothing and uniforms provided to the employee is less than \$150 per calendar year.

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

- i. The clothing and uniforms are provided to the non-employee or volunteer infrequently; and
- ii. The aggregate Value of the clothing and uniforms provided to the non-employee or volunteer is less than \$600 in one calendar year. See University Policy FINA 2.30.011-*Business Expense*.)

- D. 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.

IV. DEFINITIONS

A. **“Value”** means the amount paid by, or cost to, the University for the clothing or uniform item(s).

V. RESOURCES

A. University Policy FINA 2.30.011 – *Business Expense*

B. [Chart of Allowable Expense](#)

C. Internal Revenue Service Taxable Fringe Benefit Guide – https://www.irs.gov/pub/irs-tege/fringe_benefit_fslg.pdf

Revision Effective Date	Purpose