

TOWN OF HOLLISTON FINANCIAL PROCEDURES

Clothing Allowance and Clothing Reimbursement Policy

Purpose

To establish a clothing allowance and clothing reimbursement policy and procedure for all employees (union and non-collective bargaining employees).

Policy

Employees who have collective bargaining agreements that stipulate an employee is to receive a clothing allowance and departments who have established a written uniform policy that has been accepted/approved by the Board of Selectmen will be the only employees eligible to receive a clothing allowance. Departmental uniform policies, once approved, shall be filed with the Town Accountant, Town Treasurer and Board of Selectmen.

Procedure

If an employee is receiving a clothing allowance and/or an employee is being reimbursed for a purchase the following documentation will be required.

In the event that you have to use your own personal credit/debit card or check you will be required to submit to the Town Accountant the following documentation before you get reimbursed.

1. For all credit/debit card purchases that show the last four digits of your card on the receipt a copy of your card showing your name and just the last four digits of your card are required. Please redact all other information on your card.
2. For credit/debit card purchases that do not show the last four digits of your card a copy of your statement showing your name and the charge. Again, all other information should be redacted.
3. If a personal check is used, a copy of the cashed check is required.
4. Cash purchases will not be reimbursed.

All reimbursements will be made via your paycheck if applicable. Reimbursements shall be submitted to the Town Accountant for reimbursement within a month of the expense being incurred. Reimbursements submitted after a month will become a taxable reimbursement per IRS regulations.

If the department is making a purchase for employees entitled to a clothing allowance, the following documentation will be required.

1. The invoice will be submitted to the Town Accountant for payment.
 - a. A listing of employees receiving the material and the amount per employee should be attached to the invoice.

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- b. A detail description of the material being purchased should also be included with the invoice.
2. If the Town Accountant and/or Treasurer determines that the reimbursement is a taxable fringe benefit in accordance with IRS regulations the invoice and listing will be forwarded to the Treasurer and the employee will have a "Taxable Fringe Benefit" earning and deduction on their next paycheck.

Departments will be responsible for keeping a log for each employee with the amount of each purchase/reimbursement.

Clothing

The following in an abstract of the IRS Regulations

IRC 132 provides that gross income does not include a working condition fringe. It defines a working condition fringe as any property provided to an employee to the extent that, if the employee paid for such property, such payment would be allowable as a deduction under section 162.

Reg 1.162-1 provides a deduction for business expenses directly connected to the taxpayer's business.

Rev. Rule 70-474 states that a clothing deduction is not allowable if the clothing is suitable for ordinary wear.

Pub 17 states that it is not enough that the employee does not wear work clothes away from work. The clothing must not suitable for taking the place of regular clothing.

Work clothing provided by the employer is not taxable to the employee if:

1. The employee must wear them as a condition of employment; **and**
2. The clothes are not suitable for everyday wear.

In addition the payments for the clothing allowance must comply with IRC 62(c) by substantiating the actual expense covered by the allowance:

1. There must be a business purpose.
2. The employee must substantiate the actual expense incurred.
3. Overpayment of an allowance must be reimbursed.

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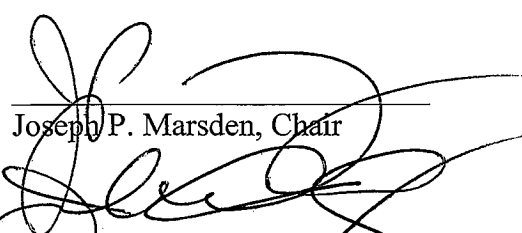
Examples of clothing items that are taxable fringe benefits:

1. Shirts or t-shirts with the departmental name, Town of Holliston and/or employee name printed on the shirt or t-shirt.
2. Jeans
3. Khaki slacks
4. Black ties
5. Sunglasses
6. Under Armour apparel
7. Standard work shoes/boots
8. Fatigues

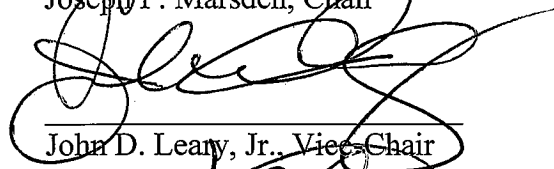
Examples of clothing items that are not considered taxable fringe benefits:

1. Police Officer uniforms
2. Firefighter uniforms
3. Safety shoes

Holliston Board of Selectmen



Joseph P. Marsden, Chair



John D. Leary, Jr., Vice-Chair



Kevin P. Conley, Clerk

Approved: May 27, 2015