



ACCOUNTING POLICY AND PROCEDURES (APP) MANUAL

TOPIC: Section 10 – Special Expense 12.0	EFFECTIVE DATE: 04/10/2006
TITLE: Employee Allowances for Work-Related Items and Taxable Fringe Benefits	REVISION DATE: 11/12/2014
AUTHORIZED BY: Deputy Director, Bureau of Fiscal Services	

BACKGROUND

The Office of State Employee Relations (OSER) Compensation Plan and the State Accounting Manual, Section V, include special reimbursement allowances and corresponding tax implications for state employees for work-related items. Some of these allowances may be taxable. This APP provides the links and accounting policy references for these items, such as payments to employees for non-overnight meals, mileage reimbursement in excess of the Internal Revenue Service (IRS) rate, clothes, safety shoes, black shoes, and belts.

POLICY

According to the OSER Compensation Plan, Section G, there are some expenses, such as safety equipment, special clothing, and licenses, that are reimbursable if required by the employer. In addition, this section contains provisions for allowable charges for laundry, meals and other items furnished to employees. It specifies the allowance to be paid where the Department of Corrections (DOC) and the Department of Health Services (DHS) employees are required to wear black belts and shoes in the performance of assigned duties. See Section G for more details and the complete policy.

Certain allowances and reimbursements to employees are considered taxable as fringe benefits under IRS rules. The rules and policies regarding this are found in the DOA Accounting Manual, Section V, Subsection 20, Employee Taxable Fringe Benefits. This section covers situations under the IRS rules that could be considered taxable fringe benefits to employees. These rules are applicable when employees are reimbursed for these expenses or where these expenses are charged to a state purchase card (P-Card) or where the agency pays the vendor directly. Subsection 20 further explains how to record these expenses.

REFERENCES

OSER Compensation Plan 2013-2015, [Section G](#)
State Accounting Manual, Section V, [Subsection 20](#), Employee Taxable Fringe Benefits

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