

SUMNER COUNTY, TENNESSEE  
DEPARTMENT OF FINANCE  
DAVID LAWING, DIRECTOR  
Certified Public Accountant  
355 North Belvedere Drive, Room 302  
Gallatin, TN 37066  
Phone: (615) 451-6033

**MEMORANDUM**

TO: Elected Officials and Department Heads

FROM: David Lawing, Director of Finance

DATE: November 13, 2020

RE: County Purchased Clothing, Clothing Allowances, and Reimbursements for Clothing

Generally, the Internal Revenue Service (IRS) considers employer-provided clothing as taxable wages unless it falls under one of the two exemptions—a qualified uniform or a de minimis fringe benefit.

- I. Uniforms are excluded from wages of an employee if they are both:
  - a. specifically required as a condition of employment, and
  - b. are not worn or adaptable to general use as ordinary clothing (based on the IRS guidance, an article of clothing with the county's name and (or) logo would not meet this requirement).
- II. Internal Revenue Code section 132(a)(4) excludes de minimis benefits from wages.
  - A de minimis benefit is one for which, considering its value and the frequency with which it is provided, it is so small to make accounting for it unreasonable or impractical.
    - To determine if an item is de minimis— in the Private Revenue Ruling 201005014, the IRS opined three criteria must be met.
      1. The value of the benefits—must be small (the long-standing rule of thumb has been \$25 or less)
      2. The frequency with which the taxpayer distributes the benefits—must be very infrequent
      3. Whether it is administratively impracticable to require the taxpayer to account for the benefits—must be very difficult to determine and track the cost per employee; generally, the cost of tracking must be more than the cost of providing the benefit

If your office or department purchased clothing, paid clothing allowances, or made reimbursements for clothing from November 1, 2019, to October 31, 2020, which does not meet one of the two exemptions above, please contact the finance office before December 1.