



State Auditor
Rebecca Otto

OFFICE OF THE STATE AUDITOR

E-Update

*The official online news
publication of the Office
of the State Auditor*

May 13, 2011

1. Released: TIF Newsletter
 2. Pension Reminder: Submit Bylaws and Approvals
 3. Avoiding Pitfalls: Uniform/Clothing Allowances
-

1. Released: TIF Newsletter

The May TIF Newsletter has been released. The Newsletter provides helpful information for filling out the 2010 TIF Reporting Form. To view the complete Newsletter, please go to:

http://www.auditor.state.mn.us/other/tifdocs/tifnewsletter_1105.pdf.

2. Pension Reminder: Submit Bylaws and Approvals

Volunteer fire relief associations are required under state law to submit a revised copy of their governing bylaws with the Office of the State Auditor upon the adoption or approval of any amendment. When submitting amended bylaws, please also remember to submit copies of the relief association meeting minutes and the municipal meeting minutes or resolution reflecting approval of the bylaw changes. For relief associations that are affiliated with an independent nonprofit firefighting corporation, a copy of the independent board approval should be submitted in place of the municipal approval.

3. Avoiding Pitfalls: Uniform/Clothing Allowances

Some local government employees may be eligible for the reimbursement of expenses under a uniform or clothing allowance authorized by an employment contract or a personnel policy.

Federal law has long distinguished between non-deductible personal clothing and deductible work clothing. For employees who wear uniforms, the cost of the uniform is deductible only if the uniform is (1) specifically required as a condition of employment, and (2) not of a type adaptable to general usage as ordinary clothing. If non-deductible clothing is reimbursed, the

expenditure is income and must be included on the employee's W-2 (Wage and Tax Statement).

Local units of government should have a system in place to ensure those items that are taxable according to federal regulations are clearly identified so proper taxes can be withheld and reported.

The IRS has posted information regarding uniform/clothing allowances online. For example, the IRS "Taxable Fringe Benefit Guide" is available at: http://www.irs.gov/pub/irs-tege/fringe_benefit_fslg.pdf; and the IRS "Quick Reference Guide for Public Employers" is available at: http://www.irs.gov/pub/irs-tege/public_employers_outreach_guide.pdf.

If you are interested in signing up to receive an e-mail version of the E-Update regularly, [click here](#).

The Office of the State Auditor is located at 525 Park Street, Suite 500, St. Paul, MN 55103.
Phone: (651) 296-2551 or (800) 627-3529 (TTY) Fax: (651) 296-4755.
Web: www.auditor.state.mn.us.