

PAYROLL REPORTING...PAYROLL THAT MAY BE EXCLUDED

The following are examples of payroll that can typically be excluded on payroll reports for workers' compensation purposes. Contact your agent for help with questions about payroll reporting. The list is not all inclusive, but represents typical payroll that members ask about when completing payroll reports.

Bonus pay

Unanticipated bonus pay is excluded if it is an arbitrary and gratuitous payment made to an employee and is not part of an oral or written employment agreement.

Expense Reimbursements

Expense reimbursements and flat expense allowances, except for hand or power tools, paid to employees may be excluded from payroll reporting provided all of the following conditions are satisfied:

- The expense or allowance was incurred in conducting the business of the employer, and
- The amount of the employee's expense payment is shown separately in the records of the employer, and
- The amount of the expense or allowance approximates the actual expenses incurred by the employees in the conduct of their work. If receipts are not available, a maximum of \$75.00 per day or the negotiated labor contract amount may be excluded.

Employer contributions to retirement plans and health or life insurance plans

Exclude payments by the employer directly into these plans and not made through employee-authorized salary reduction from the employee's gross pay.

Overtime excess pay

Exclude the portion of the traditional overtime rate which is in excess of the straight-time rate. If straight-time rate is \$10 per hour, and overtime rate is \$15 for each hour worked over eight hours in a day or 40 hours in a week, exclude the extra \$10 per hour paid for overtime.

Perquisite Benefits (PERKS)

These are benefits provided by an employer that are taxable to the employee. Examples are: personal use of a company-provided automobile, airplane flights, incentive vacations (e.g., contest winners), discounts on products or services, club memberships, life insurance.

Preferred Worker pay

(For those who are employed under the state's Preferred Worker Program.)

Rewards

Exclude the value of special rewards for employee invention or discovery.

Safety bonus

Exclude payments that are anticipated by the worker and distributed in accordance with a written plan tied strictly to safe working practices. A safety bonus needs to be included in workers' compensation payroll reports if it is paid to offset pay cuts reductions of wages.

Severance pay

Exclude, unless it is for time worked.

Third-party sick pay or disability insurance benefit

This is excluded when paid by a third party or insurance company.

Tips and gratuities**Tuition reimbursement****Uniform allowance**

Exclude when required for employment purposes.

Vacation pay

Exclude when paid; does not include holiday pay or sick leave. When an employer replaces a traditional vacation plan with a PTO plan, they may forego the workers' compensation vacation pay exclusion. However, some PTO wages may be excludable if the employer develops a tracking system to record pre-arranged time off for purposes of vacation.