

### Revenue Ruling 72-110

Reimbursement for the acquisition and maintenance of uniforms is includible in an employee's gross income, and cost to the extent of such reimbursement is deductible in computing adjusted gross income; expenses in excess of reimbursement are deductible in computing taxable income if deductions are itemized; I.T. 3978 superseded.

The purpose of this Revenue Ruling is to update and restate, under the current statute and regulations, the position set forth in I.T. 3978, C.B. 1949-2, 24.

The question has been presented as to the effect for Federal income tax purposes of an employee being reimbursed by his employer, under an expense allowance arrangement, for the cost of acquisition and maintenance of uniforms the cost of which is deductible by the employee as an ordinary and necessary business expense under *section 162 of the Internal Revenue Code of 1954*.

*Section 61 of the Code* defines gross income to mean all income from whatever source derived.

*Section 62 of the Code* provides that the term "adjusted gross income" means, in the case of an individual, gross income [\*2] minus certain deductions allowed by other sections of the Code. Among the deductions specified are those paid or incurred by the taxpayer, in connection with the performance by him of services as an employee, under a reimbursement or other expense allowance arrangement with his employer.

In *Revenue Ruling 70-474, C.B. 1970-2, 35*, it is held that the cost of acquisition and maintenance of uniforms in the case of police officers, firemen, letter carriers, nurses, bus drivers, and railway men who are required to wear distinctive types of uniforms while at work and which are not suitable for ordinary wear is deductible under *section 162 of the Code*.

Accordingly, it is held that in the instant case the expense allowance is includible in the employee's gross income and in computing his adjusted gross income the employee may deduct uniform expenses up to, but not in excess of, the reimbursement received. The remainder of the uniform expenses, if any, may be deducted in computing taxable income if the employee elects to itemize his deductions. Since the allowance is not remuneration for services, it is not "wages" subject to income tax withholding at source. The allowance will be shown as other [\*3] compensation in the block designated for that purpose on the employee's Form W-2, Wage and Tax Statement.

I.T. 3978 is hereby superseded, since the position stated therein is restated under the current law in this Revenue Ruling.

#### FOOTNOTES:

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Prepared pursuant to *Rev. Proc. 67-6, C.B. 1967-1, 576*.