

GROSS PAYROLL

DEFINED



What is Gross Payroll?

The audit process requires employers to report gross payroll for all employees. Gross payroll is the payroll and remuneration (money or substitutes) paid to your workers before any deductions. For workers' compensation reporting purposes, gross payroll may not always match the types of payroll you submit to other agencies – the IRS, for example. The following includes several examples of what is or isn't considered payroll. For a definitive list, or if you have questions about specific earnings, contact your SIF Auditor or Underwriter.

Gross payroll includes (exceptions may apply):

- Wages or salaries, including those paid retroactively
- Commissions and commission advances
- Bonuses, including stock bonuses
- Overtime pay (reportable at straight-time wage)
- Holiday, vacation, and/or sick pay
- Payment to employees other than time worked, including piecework, profit sharing, etc.
- Unverifiable expense reimbursements, in some instances.
- The value of gift certificates, merchandise, credits, or other money substitutes received by employees as part of their pay
- Employee-authorized deductions including salary reduction, employee savings plans, retirement, or cafeteria plans (IRC 125), health savings accounts, and flexible spending accounts
- Any funds or loans received by an employer as authorized by any law, regulation, or public governmental entity explicitly used to retain or hire working employees due to the COVID-19 pandemic.
- And more.

Gross payroll does not include:

- Tips and other gratuities
- Payments by an employer to group insurance or group pension plans, some exceptions do apply.
- Dismissal or severance payments except for time worked or vacation accrued.
- Active military duty pay.
- Employee discounts on products.
- Expense reimbursement and flat expense allowance payments if they meet all of the following conditions:
 - Payments incurred are for the business.
 - The amount is shown separately in the records.
 - It approximates the actual expenses incurred by the employee.
- Meal money for late work.
- Work uniform allowances.
- Sick pay to an employee by a third party. For instance: disability income benefits to a disabled employee.
- Employer-provided perks including:
 - Use of company automobiles
 - Airplane flights
 - Incentive vacations (e.g., contest winners)
 - Club memberships
 - Tickets to entertainment events
 - Educational assistance
 - Relocation and moving expenses
- Employer contributions to employee benefit plans such as:
 - Employee savings plans
 - Retirement plans
 - Cafeteria plans (IRC 125)
 - Health savings accounts
 - Flexible spending accounts
- COVID-19-related payments made by an employer or a public governmental entity to furloughed employees due to emergency orders, laws, or regulations if the pandemic impacted an employer's staffing or business operations.
 - Report this payroll with code 0012. Premium is not assessed - contact your Underwriter to add it to the policy.

Note: A maximum allowance of \$75 per day may be excluded if an employer did not maintain verifiable receipts for incurred expenses for an employee's overnight business trip. Include the remaining non-verifiable expenses like payroll.