



UTAH LOCAL GOVERNMENTS TRUST

According to the National Council on Compensation Insurance (NCCI) the following exposures are included or excluded from payroll:

Payroll Inclusions:

- Wages or salaries, and retroactive wages or salaries
- Adjustments made by the employer to raise employee wages to minimum wage in payroll.
This applies to federal, state, or local minimum wage adjustments
- Extra pay for overtime work
- Total pay received by an employee for commissions and draws against commissions in payroll
- Pay for holidays, vacations, sick time
- Bonuses and stock bonus plans
- Piecework, profit sharing, or incentive plans
- Amounts paid by the employer that normally would have been withheld to meet statutory obligations for insurance or pension plans (i.e. Medicare, Federal Social Security Act)
- Rental value of apartment or house provided to employees
- Value of lodging received by an employee as part of their pay
- Allowances or substitutes for money provided to an employee
- Value of meals employees received
- Money substitutes received by employees (i.e. store gift certificates, merchandise, or credits)
- Payments for salary reductions, health savings accounts, flexible spending accounts, employee savings plans, retirement plans, or cafeteria plans from employees' gross pay
- Annuity plans
- Expense reimbursements to employees that were not a verifiable expense
- Davis-Bacon or a similar wage laws
- Payment for filming commercials



Payroll Exclusions:

- Tips or other gratuities received by employees
- Value of special rewards for individual invention or discovery
- Payroll payments for active military duty
- Meal money for late work
- Pay for vacation for operations that are assigned to code 1016
- Expense reimbursements to employees when the employer records confirm that the expense was incurred as a valid business expense
- Allowable travel expenses that are permitted by any contract with a federal, state, or local government entity such as a city, borough, or village. The allowable travel expenses must be in addition to the current wage of the employee
- Employer-provided perks such as: use of company-provided automobiles, airplane flights, incentive vacations, discounts on property or services, club memberships, entertainment event tickets, educational assistance, relocation and moving expenses
- Employee discounts on goods purchases from employer
- Work uniform allowances
- Payments by an employer to group insurance or pension plans
- Exclude from the audit reimbursement expenses and flat expense allowances paid to employees only when all of the following conditions are met:
 - The expenses or allowances are incurred for the business of the employer
 - The amount of each employee's expense or allowance is shown separately in the employer records
 - The amount of the expense or allowance approximates the actual expense incurred by the employee in the conduct of their work
- Employer contributions to employee benefits plans (i.e. health savings accounts, flexible spending accounts, employee savings plans, retirement plans, or cafeteria plans)
- Payments by an employer into third-party trusts for the Davis-Bacon Act or a similar prevailing wage law
- Sick pay paid to an employee by a third party
- Dismissal or severance payments, except for time worked or vacation accrued
- Payments made by an employer or any public governmental entity to paid furloughed employees as a result of federal, state, and/or local emergency orders, laws, or regulations issued due to the COVID-19 (coronavirus) pandemic which impact an employer's staffing or business operations.



Overtime

Hours worked for which there is an extra amount of pay over the regular rate of pay

Overtime pay is not calculated at time and a half for workers compensation. Instead, each overtime hour is set to the same rate as all other hours worked. This is also referred to as "straight-time pay"

If you have questions please contact Underwriting at (801) 936-6400 or wcaudit@utahtrust.gov