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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



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## 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](mailto:wcaudit@utahtrust.gov)