



## Taxable and Non-Taxable Income

*See 753.03 Definitions (k) "Exempt Income" & (n) "Income"*

### Taxable Income

- Wages, salaries and other compensation.
- Bonuses, stipends and tip income.
- Commissions, fees and other earned income.
- Sick pay (excluding third-party sick pay).
- Employee contributions to retirement plans and tax deferred annuity plans (including Sec. 401k, Sec. 403b, Sec. 457b, etc.).
- Net rental income.
- Net profits of businesses, professions, corporations, partnerships, etc.
- Income from partnerships, estates or trusts.
- Royalties paid on the depletion of natural resources.
- Ordinary gains as reported on Federal Form 4797, related to the sale of 1245 or 1250 property.
- Income from wage continuation plans (including severance pay, and short-term disability).
- Early Retirement Incentive Payments.
- Vacation pay.
- Stock options (taxed when exercised, usually valued at market price less option price on the date the option is exercised).
- Farm net income.
- Compensation paid in goods or services or property usage. Taxed at fair market value.
- Contributions made on behalf of employees to tax-deferred annuity programs.
- Prizes and gifts if connected with employment to the same extent as taxable for Federal Income Tax purposes.
- Director fees.
- Income from jury duty.
- Union steward fees.
- Strike pay.
- Supplemental Unemployment Benefits (Sub Pay).
- Profit sharing.
- Uniform, automobile and travel allowances.
- Reimbursements in excess of deductible expenses.
- Employer-provided educational assistance (taxable to the same extent as for federal taxation).
- Gambling winnings.
- Lottery winnings.

### Non-Taxable Income

- Interest or dividend income.
- Welfare benefits and general public assistance.
- Social Security.
- Third-party sick pay.
- Income from qualified pension plans.
- Unemployment benefits.
- Worker's compensation.
- Proceeds of life insurance.
- Alimony received.
- Military pay, including Reserves and National Guard, (Excludes Civilians employed by military or National Guard.)
- Earnings of individuals under 18 years of age.
- Capital gains.
- Gross income and gross receipts of religious, fraternal, charitable, scientific, literary or educational institutions to the extent that such income and receipts are derived from real estate, tangible or intangible property or other activities that are tax-exempt.
- Certain royalties.
- Annuity distributions.
- Housing allowances for clergy to the extent that the allowance is used to provide a home.
- Health and welfare benefits distributed by governmental, charitable, religious or educational organizations.
- Compensatory damages, as defined in Federal regulations.