

Accountable Plan Procedures for Travel and Other Business Expenses

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Timely reporting of business and travel expenses complies with University policy and IRS *accountable plan* rules, easing reporting burdens for both employees and the University. Employees who do not provide timely reporting of university expenses become part of what is called by the IRS, a *non-accountable plan*. Under *non-accountable plans* expenditures made by employees must be reported to the IRS as additions to W-2 taxable earnings, and appropriate State, Federal and Social Security taxes must be withheld from the next regular payroll of the employee. Based upon individual circumstances, some withheld income tax may be recoverable to the extent that business expenses can be deducted, but Social Security tax withheld is not recoverable. However, proper accounting to BYU for expenditures using university funds is still required.

To avoid those negative consequences and meet *accountable plan* rules, the following procedures will be followed:

NON-TRAVEL BUSINESS EXPENDITURES

Employees who use University credit cards or personal funds for local transportation or business expenses must complete accounting within 30 days after the expenditure. Reporting later than 60 days will result in the addition of the expense amount to W-2 earnings with payroll tax withholding on the next regular payroll.

TRAVEL EXPENDITURES

Submission of an approved travel authorization is required in advance of travel. Travel expenditures and advances are to be accounted for within 30 days of the date of return from travel. Reporting later than 60 days from the return from travel will result in the addition of the expense amount to W-2 earnings with payroll tax withholding on the next regular payroll.

NOTIFICATIONS

Notifications will be sent by Purchasing & Travel in an effort to promote timely reporting of transactions. Days listed below are from purchasing card/personal fund expenditure for non-travel business expenses, or from completion of travel, respectively.

- **15, 30 & 45 Days** – A system generated email will be sent to the employee reminding them of the need to account for the expenditure. At 45 days, applicable vice presidents, deans/directors will be notified of the potential for the expenses being added to the employee's W-2.
- **30 Days** – Transactions older than 30 days will be included on the monthly Financial Services Compliance Report. One week prior to this reporting, a list of eligible transactions will be emailed to the controller to provide an opportunity to resolve them prior to being formally reported.
- **60 Days** - Transactions older than 60 days are subject to being included in the employee's next payroll W-2 earnings with previously described tax withholdings. Absent extenuating circumstances or university error, once that action is taken, it will not be reversed. In addition:
 - The employee's university-issued credit cards will be deactivated.
 - If the transaction is travel related, departmental approvers will be directed not to authorize additional travel or travel advances for the employee until all deficient reporting is completed.
 - Repayments continue to be due the university and will be reported to the employee's dean/director and Vice President to determine if disciplinary action should be taken.
 - The transaction will be included in subsequent Compliance Reports until resolved with a department penalty of \$100.