

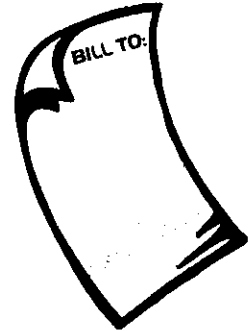
Accountable v. Nonaccountable Plans

Methods of Reimbursing Employees for Expenses

Accountable Plans

A plan under which an employee is reimbursed for expenses or receives an allowance to cover expenses is an *accountable plan* **only** if the following conditions are satisfied:

- there must be a business condition for the expenses;
 - the expense must be in connection with performance of services as an employee
 - the reimbursement must be for an expense the employee could deduct on his/her tax return
- the employee must either substantiate or be deemed to have substantiated the expenses;
 - Generally substantiation consists of receipts and/or cancelled checks and invoices that show the nature and amount of the expenditure
 - Expenses deemed to have been substantiated are such things as using the mileage allowance rate (50 cents per mile) rather than actual expenses for operating a vehicle or use of a per diem rate for overnight travel rather than requiring receipts for meals
- the employee must return to the employer amounts in excess of the substantiated (or deemed substantiated) expenses within a reasonable time
 - there are 2 methods of determining a reasonable time
 - Periodic Statement
 - a statement from the employer is given to the employee at **least** quarterly setting forth the amounts paid under the plan in excess of the substantiated amount and requesting the employee either substantiate or return excess amounts within 120 days of the statement date
 - Fixed Date
 - Advance Payments – 30 days before the reasonably anticipated expenses are paid or incurred
 - Substantiation – 60 days after expenses are paid or incurred
 - Return of excess amounts – 120 days after expenses are paid or incurred



Amounts paid under accountable plans are not income to the employee and are not shown on Form W-2.

Remember that all of the requirements must be met in order for it to be an accountable plan!

Nonaccountable Plan

A nonaccountable plan is a reimbursement plan or policy which does not meet all the requirements for an accountable plan.

* Amounts paid under a nonaccountable plan are income to the employee and must be included in wages with appropriate tax withholdings.

An employer can have an accountable plan for some items, and a nonaccountable plan for others.

CLAY COUNTY TRAVEL POLICY

Travel and Expense Reimbursement Policy

It is the responsibility of each individual approving a travel or personal expense to assure the accuracy and appropriateness of the expense and compliance with County policy. When traveling on County Business, training or Conferences, travel time and mileage will begin from location where employee normally reports or if leaving from home or another location, mileage and time will be the shorter of the two.

The Reimbursement form provided to employee's should be filled out with appropriate documentation attached, signed by both Official or Department Head and the person submitting report certifying that the expenses are true and correct statements of expenses incurred by them while traveling on official county business. This form should be returned to the Treasurer's Office for all reimbursements after completed, signed and actual receipts must be attached to this form for reimbursement.

Meals

Are based on the accountable plan:

Meals will be reimbursed up to \$30.00 per day if travel is overnight.

There must be a business condition for the expense and must be in connection with performance of services as an employee.

The employee must either substantiate or be deemed to have substantiated the expenses; generally substantiation consist of receipts and/or cancelled checks and invoices that show the nature and amount of the expenditure.

Mileage

When using your personal/non-County vehicle you may be reimbursed at the mileage rate stated on our Travel Expense form decided by our Commissioners' Court at the beginning of Every Budget Year for travel for business purposes. This includes but is not limited to driving that is directly related to an employee's job duties. For example, travel to pick up office supplies or make a bank deposit is qualified. Deductible mileage can only be solely for County Business.

Lodging

Reimbursement for lodging may not exceed the rate for a standard room. If an individual is attending a convention or conference, use of the convention or conference hotel is appropriate.

Request for Tax Except due to being a government Agency (form will most likely be necessary)

Reimbursement must be documented by an original itemized hotel bill and receipt, and is limited to room charges only.