



UNIVERSITY OF NOTRE DAME

CONTROLLER'S OFFICE

731 Grace Hall
Notre Dame, IN 46556

tel (574) 631-6401
fax (574) 631-8549

TO: All Faculty and Staff
FROM: Rick Klee, Tax Director
DATE: August 24, 2009
RE: Accountable Plan Reporting for Business and Travel Expenses and Travel Advances

The University of Notre Dame's travel and other business expense reimbursement policies have been developed to meet the IRS definition of an "accountable plan." As a result, travel and other business expense reimbursements do not have to be reported as income to the traveler. However, to qualify under the IRS definition of an "accountable plan", reimbursement of business expenses and/or accounting for travel advances must meet the following requirements:

- There must be a business connection and the expense must be reasonable. Advances must be made for business expenses only, and can be made no sooner than 30 days prior to when the expense is expected to be incurred, and must be reasonably related to the expenses the employer is expected to incur.
- There must be reasonable accounting for the expenses. Those seeking reimbursement for business expenses must submit a Travel and Expense Report form (http://controller.nd.edu/forms/travel_expense_excel.xls) to substantiate the amount, time, use, and business purpose of expenses *within a reasonable time* (see below) after the expenses are incurred. Original receipts must be attached to the form.
- All excess reimbursements must be repaid in a reasonable time. In the case of an advance, employees must return any advance amounts in excess of substantiated expenses within fifteen days after completion of the trip.

The University has adopted the IRS Safe Harbor for a "reasonable time" to substantiate business expenses, which is 60 days or less from the date the expense was incurred. If an employee does not substantiate their business expenses or account for their travel advance by submitting their Travel and Expense Report within a period of 60 days, the amount reimbursed must be treated as compensation, subject to tax withholding, and reported on the employee's Form W-2. Examples of when expenses are incurred would include (but are not limited to): a) credit cards-incurred when the expense is charged to the card; b) travel expenses (including airfare)-expenses are incurred upon the completion of the trip; and c) other bills (not paid by credit card)-incurred as of the statement date of the bill.

The expense or advance is considered "substantiated to ND" at the time the reimbursement request or the advance being accounted for is date stamped as received by the Controller's Group. As a result, any reimbursement request should be submitted well before the 60 day deadline to allow for departmental review and the forwarding of the reimbursement request to the Controller's Group within that time frame.