



FINANCIAL TRAINING & COMMUNICATION

P-Card and the Accountable Plan

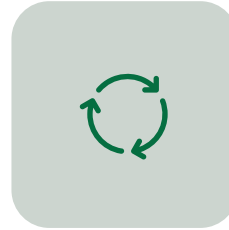
Agenda



POLICY UPDATES



NEW P-CARD
PROCEDURES



IMPLEMENTATION



RESOURCE
RUNDOWN





Policy updates

What is an accountable plan?

The rules IU employees and guests must follow to avoid being taxed on reimbursements and prepaid items that are business expenses



Wait, that applies to P-Card?

- Yes. A P-Card purchase is a prepaid item
- Accountable Plan guidance has always applied to P-Card expenses, but it was not enforced



Who makes these rules?

01

The Internal Revenue Service (IRS) defines the criteria an expense must meet to be considered a business expense

02

The IRS also defines the requirements an expense must meet to be non-taxable

03

They also define when and how individuals are impacted by taxable expenses



Where can I find the rules?



IRS Code 26 CFR Section 1.62-2
IU policy FIN-ACC-620
IU Accounting Standard

Replaces TSOP 9.02
Publication date: July 1



Why is IU changing its policy?

IU has had an Accountable Plan policy since 2016

- Aligning IU policy with IRS requirements
 - Compliance with IU policy = compliance with the IRS
 - Reducing audit risk and the likelihood of fraud



What happens if IU doesn't change its policy?

- If IU is audited by the IRS and they find a pattern of abuse the IRS can revoke IU's ability to have an accountable plan
- This would mean all reimbursements **and** IU-prepaid expenses would **always** be taxable to IU employees and guests



What's changing?

- The amount of time you have to reconcile P-Card expenses
- Aged P-Card expenses will be considered taxable income
- Consistent failure to meet Accountable Plan standards may result in card suspension or account closure



Purchase date – Expense submit date = Timeframe

How is expense treated?	Current timeframe	July 1 timeframe
Reconciled, tax-free	0-90 days	0-60 days
Reconciled, taxable	Not applicable	61+ days

Emburse displays warning messages



Impact of aged expenses



P-Card expenses aged 61+ days are considered taxable income



Taxable income increases gross wages, which increases payroll taxes withheld, reducing net pay



Your Fiscal Officer may suspend or close a card account if the P-Card manager consistently fails to reconcile expenses within 60 days

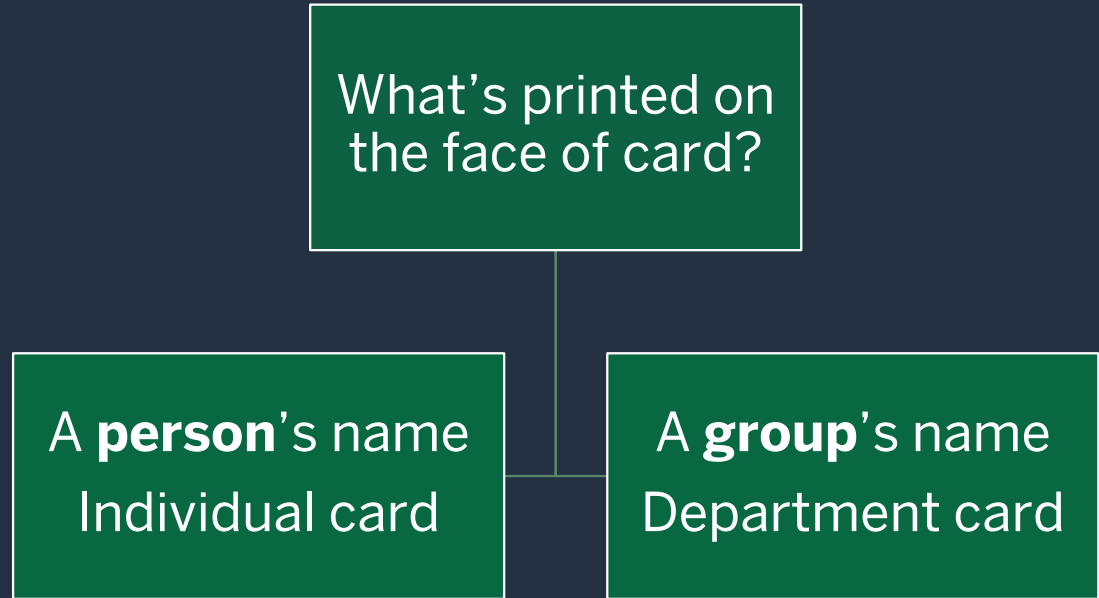




New P-Card procedures

Who will be taxed?

First, determine
what type of P-Card
was used



Who will be taxed? cont'd

Individual card

The person whose name is printed on the face of the card

Regardless of whether another person was authorized to use the card

Department card

The purchase requestor

- The individual who requested the purchase
- If a student who is **not employed by IU** requests a purchase, a faculty member is the purchase requestor



Scenario

Professor Roberts emails her assistant, Angus, and asks him to purchase a book from Amazon Business using the IU Folklore P-Card.

Angus emails the department P-Card manager, Sarah, and she places the order.

Who would be taxed?

Professor Roberts requested the purchase. She would be listed as the purchase requestor, and she would feel the tax impact if this charge was not reconciled within 60 days of the purchase.



Tracking the purchase requestor

- Departments are responsible for tracking who is requesting to use the P-Card, when, and why
 - Use the [P-Card Sign-Out Sheet Template](#) to track these details
- Do not save the P-Card to online accounts, add it to a mobile wallet, or co-mingle it with personal cards
 - Each of these scenarios increase the risk of accidental/untracked use

Sidenote:

P-Card numbers can be saved to IU Amazon Business accounts



P-Card Reconciliation report

Not changing

The object codes you use to categorize expenses

- Not necessary to use a different object code for aged expenses
 - Emburse calculates the age of each expense when it's submitted
- Tax Services receives a monthly report containing aged expenses

New required field

How does Tax know who the purchase requestor was?

- New **Purchase Requestor field** will be required for every P-Card expense
- Reconciler enters the IU username of the individual who requested the purchase
- The expense is attributed to the individual named in this field



Reconciliation tips

- Use the [Emburse Unreconciled Transactions Report in Tableau](#)
 - Filter by expense owner and transaction type
- Reconcile the P-Card at least monthly using [Statement Functionality](#)
 - Groups transactions by monthly US Bank statement





Implementation

This is a big change!

- It will take time to communicate and get everyone up to speed on these new requirements
- Changes will be implemented gradually to monitor compliance and identify groups that need additional training



Key dates

July 1

Emburse Enterprise system rules updated

Warning messages displayed but transactions that are taxable based on new rules **will not** impact payroll

October 1

121+ days aged reimbursements blocked

Campuses and Fiscal Officers notified of potential tax impact to employees

January 1

60+ days aged reconciled item tax reporting begins

Employee payroll impacted 1-2 months after Emburse report containing taxable items is approved





Resource rundown

Online training

P-Card Essentials

Audience:	IU faculty and staff who are responsible P-Cardholders
Content:	P-Card usage, receipt requirements, reconciliation timing, and more
Updates:	Reconciliation requirements, card suspension process, general content/process updates

New! P-Card Reconciliation

Audience:	Individuals who reconcile P-Card expenses
Content:	Basic reconciliation walkthrough and how to handle advanced situations
Not required for access but, this course will cover everything you need to know to meet the new Accountable Plan guidance.	
If you manage a P-Card, take this course.	



Additional webinars

- The Accountable Plan policy changes we discussed today also impact out of pocket and travel expenses
- [Visit our events calendar](#) to register for additional webinars

Webinar
recordings will be
available in June



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Referenced resources

- [IU policy FIN-ACC-620: Reimbursement Under the Accountable Plan](#)
- [IRS Code 26 CFR Section 1.62-2](#)
- [SOP-CARD-04: Restricted Items](#)
- [P-Card Sign-Out Sheet Template](#)
- [Emburse Unreconciled Transactions Report in Tableau](#)
- [P-Card Statement Functionality](#)
- [Training Documentation Library](#)



Contact us with questions



Training team: estc@iu.edu

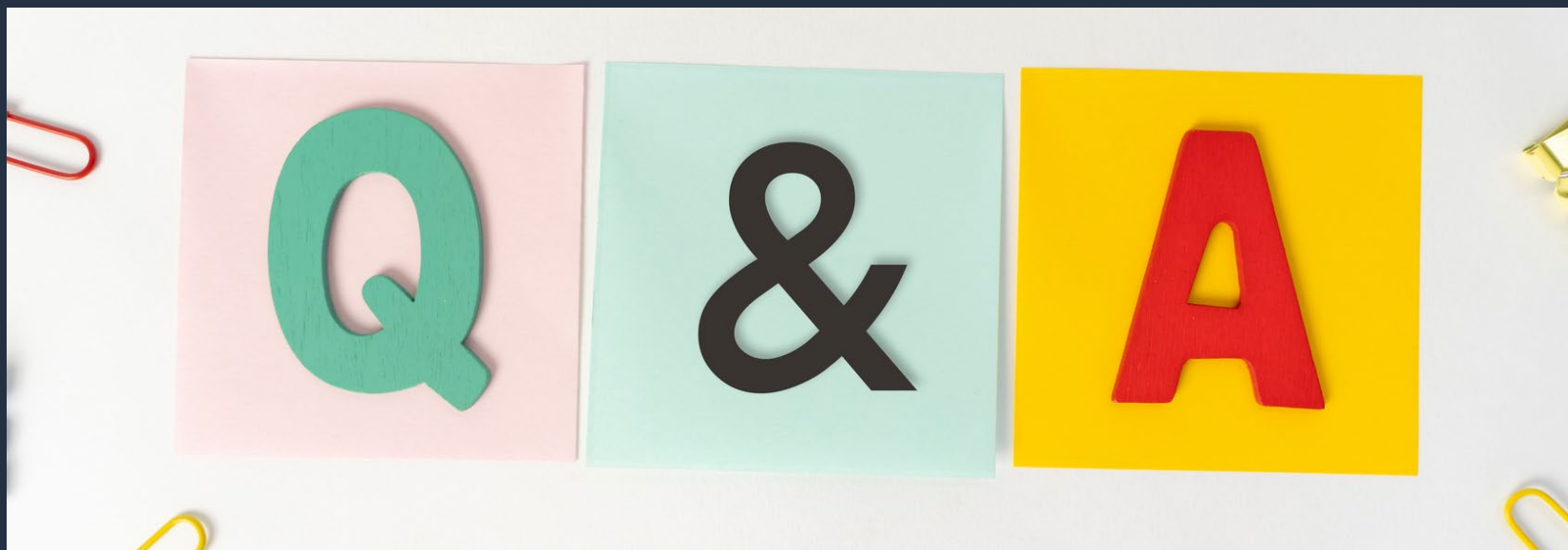


IU Card Services: [Support Form](#)



Tax Services: [Contact Form](#)





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