



FINANCIAL TRAINING & COMMUNICATION

# P-Card and the Accountable Plan

# Agenda



POLICY UPDATES



NEW P-CARD  
PROCEDURES



IMPLEMENTATION



RESOURCE  
RUNDOWN

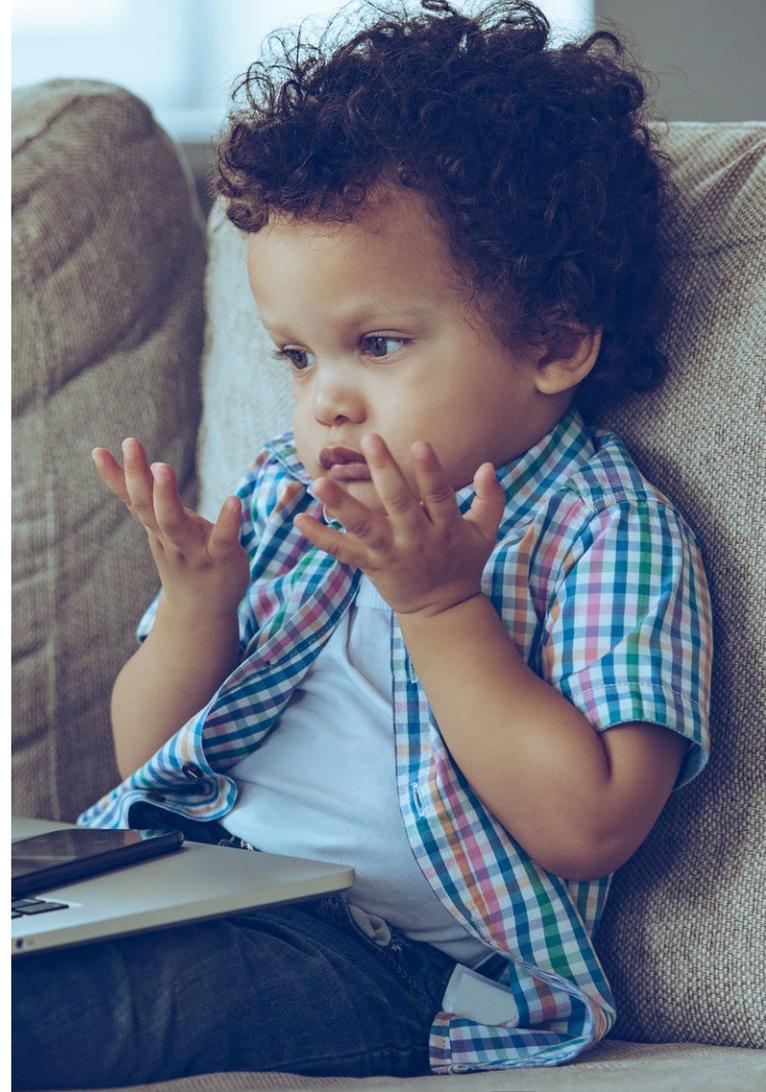




# Policy updates

# 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

What's printed on  
the face of card?

A **person's** name  
Individual card

A **group's** name  
Department card



# 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



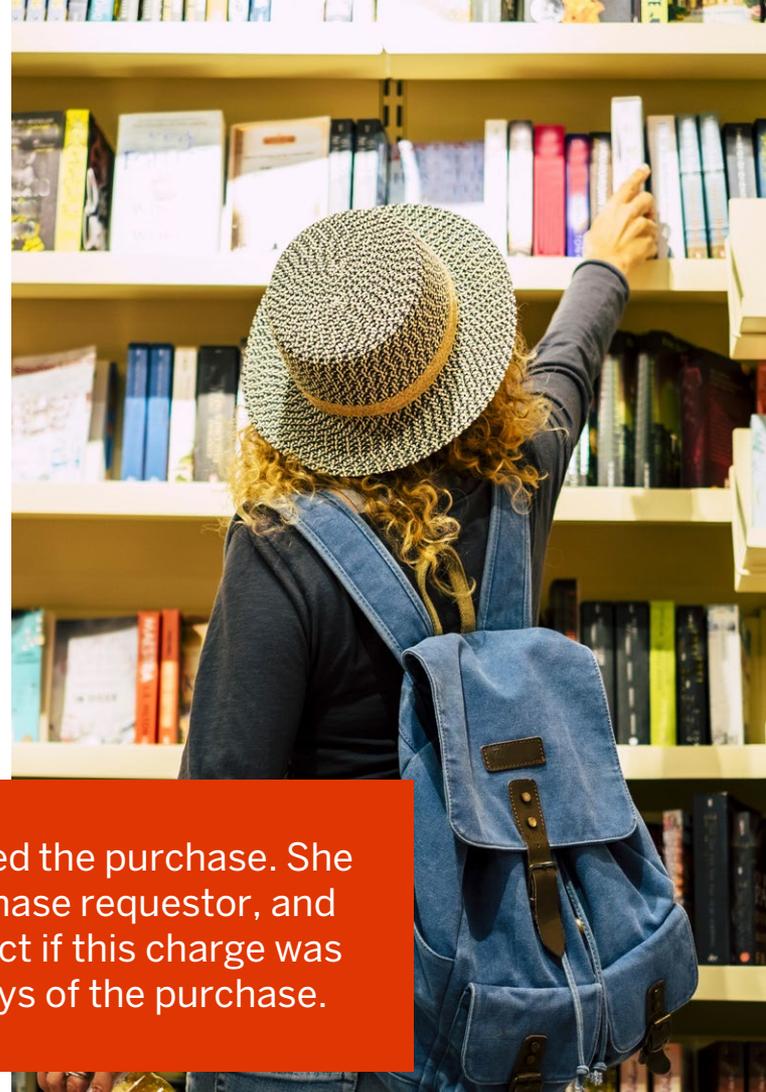
# Scenario

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

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

## New! P-Card Reconciliation

<b>Audience:</b>	Individuals who reconcile P-Card expenses
<b>Content:</b>	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.	
<b>If you manage a P-Card, take this course.</b>	



# 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



# Stay in The Loop

## Join an Office Hours session

- Held via Zoom bi-weekly
- Bring your questions and get them answered in real time by the experts
- No questions? Join to hear updates and listen in

## Subscribe to The Loop

- Training team's quarterly newsletter
- Training updates, new resources, course launch announcements
- [Click here to subscribe!](#)



# 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](mailto:estc@iu.edu)



IU Card Services: [Support Form](#)



Tax Services: [Contact Form](#)





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