



FINANCIAL TRAINING & COMMUNICATIONS

Travel and the Accountable Plan

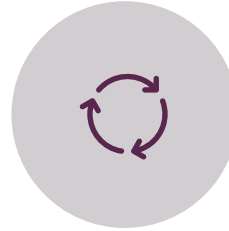
Agenda



POLICY UPDATES



TRAVEL TIPS



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.



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



What's changing?

Two things:

1. The amount of time you have to request reimbursement or reconcile IU prepaid expenses
2. How Emburse Enterprise calculates the amount of time you have



Trip end date – Expense submit date = Timeframe

How is expense treated?	Current timeframe	July 1 timeframe
Expense submitted, tax-free	0-120 days	0-60 days
Expense submitted, taxable	121-365 days	61-120 days
Cannot be reimbursed	365+ days	121+ days

Emburse displays warning messages



Impact of taxable expenses



Out of pocket travel expenses are reimbursable if valid and submitted within 120 days of the trip end date



Travel reimbursements **and IU prepaid travel** are considered taxable income 60 days after trip end date



Increases gross wages which increases payroll taxes withheld, reducing net pay



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





Travel tips

Tip #1: Save and submit your receipts

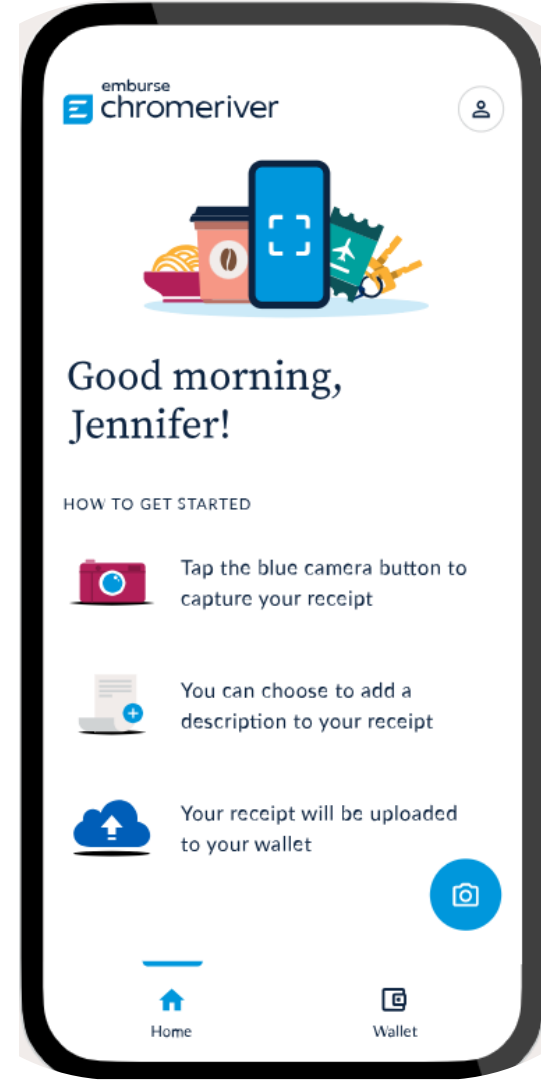
- Reimbursement requests for airfare, lodging, car rental, and more must be supported with a receipt
- Upload receipts to Emburse or submit them to your travel arranger ASAP!
- Keep your receipts **at least** until your expenses are approved



Use the Emburse Enterprise app

Simplify receipt management by:

1. Snapping photos of receipts on the go
2. Adding notes and explanations to receipts
3. Uploading receipts directly to your Emburse eWallet
 - [Learn about the Emburse app](#)
 - [Training documentation](#)



Tip #2: Don't wait to submit your expenses

Expenses must be submitted within 60 days to be tax-free

- Emburse calculates this 60-day window by comparing the **trip end date** to the **date you submit** your expense
 - Returned expenses have a **new, later** submit date (but the trip end date doesn't change!)
 - Emburse uses the **new submit date** on re-submitted expenses to determine if they are taxable



Returned expenses

- Expenses will be treated as taxable if they are submitted between 61-120 days of the trip end date **regardless of when they were originally submitted**
- If the new submit date is 121+ days past the trip end date **reimbursements will be blocked**

Pay attention to email notifications from Emburse Enterprise and resubmit returned expenses ASAP!



Tip #3: Avoid returned expenses

The best way to avoid a returned expense?

Submit a complete request the first time!



Expense best practices

Attach complete receipts

Receipts should state the who, what, where, when, and how of an expense

[Learn about receipt requirements](#)

Remove/reduce unallowable items

[Review the Travel policy](#) to learn what expenses are allowable

Check with your Fiscal Officer or business office

When in doubt, log a comment

Your approver (and IU Travel) need to understand why something is a business expense

Avoid acronyms whenever possible

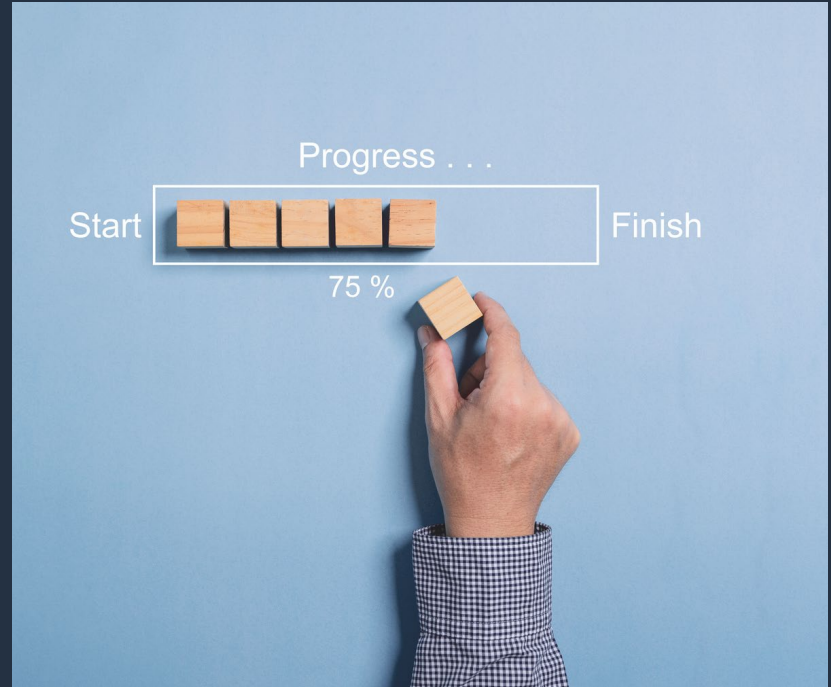




Implementation

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 reimbursement/prepaid item tax reporting begins

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





Resource rundown

New training alert!

- Travel Expense Reporting course launches **July 1**
- Online training available in Canvas/IU Expand
- Anyone who submits travel reports is encouraged to complete the course!

Course topics include:

- Expense report timing
- Reconciling expenses
- Reimbursing expenses
- Tracking report status and payment



Additional webinars

- The Accountable Plan policy changes we discussed today also impact P-Card and non-travel out-of-pocket reimbursements
- [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-TRV-01: Travel](#)
- [IU policy FIN-ACC-620: Reimbursement Under the Accountable Plan](#)
- [IRS Code 26 CFR Section 1.62-2](#)
- [Travel Documentation Library](#)
- [IU Travel home page](#)
- [Travel receipt requirements](#)
- [Learn about the Emburse app](#)
- [Emburse app training guide](#)



Contact us with questions



Training team: estc@iu.edu



IU Travel: [Support Form](#)



Tax Services: [Contact Form](#)





INDIANA UNIVERSITY