Determining Potential Taxability of Employee Expenses

Statewide Travel Policy Reference

Pursuant to Section 7: Reimbursement for Travel Expenses of the policy currently in effect:

7.1 General

Employees are expected to exercise good stewardship of funds when traveling on official business. Any expenditure disallowed by the State is the responsibility of the employee.

7.2 Expense Reimbursement Timing

Travelers should submit all expenses for reimbursement and reconciliation within 10 days of the completion of the event or trip but **no later than 45 calendar days**. However, a reimbursement request will preferably be held (not entered into the TTE system) until an amount of at least $10 is due.

IRS regulations state the traveler must adequately account to the employer and submit travel expense reimbursement requests within 60 days of the end of the trip. Such expenses, if reimbursed after 60 days, become taxable income to the traveler.

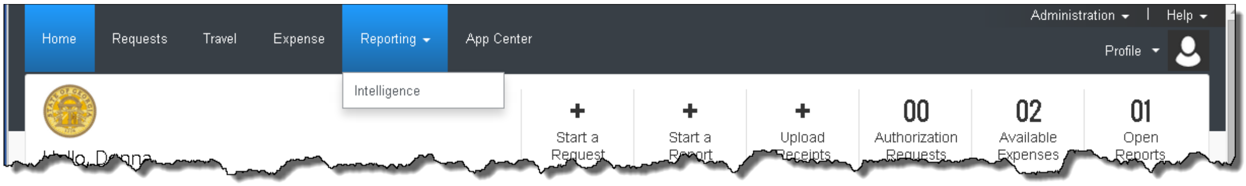
All expense reimbursement requests must be submitted as soon as possible, in conjunction with an employee's last day of employment, when applicable, but no later than 45 calendar days after the last day of employment. Outstanding requests not submitted after this time period will not subsequently be reimbursed. The Office of Planning and Budget *OPB Policy Memorandum No. 1 (Revision 5, May 2013)* provides further guidance for recovering unrecovered Travel Advances, post-employment.

TTE IRS Report

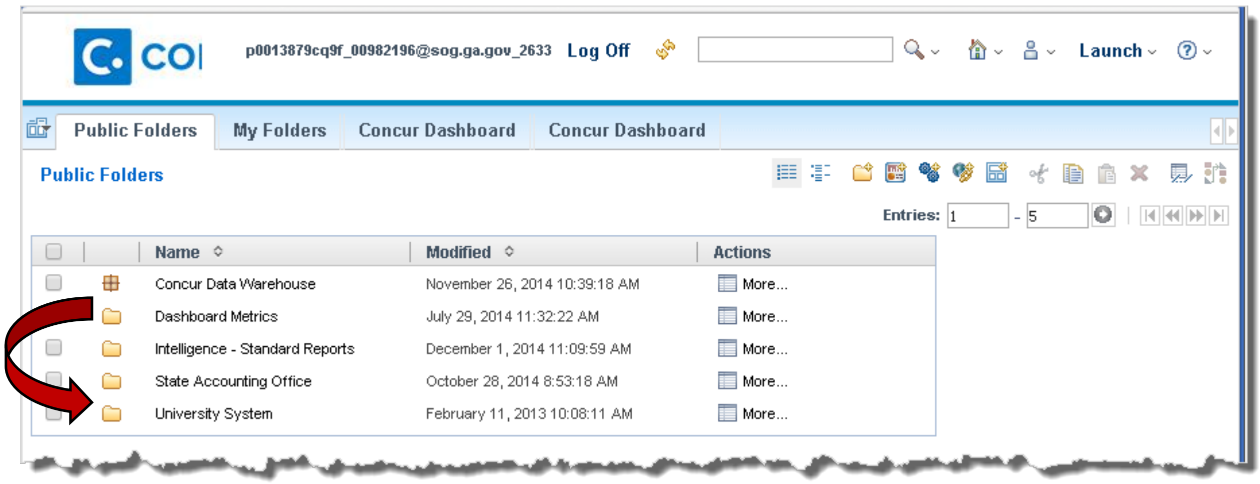
The Local Travel Administrator can determine expenses submitted in excess of 60 days from the completion of the trip by running and evaluating the TTE **IRS Report**. This report should be run weekly. Also, consider running this report if someone is leaving the agency as well.

Local Travel Administrators with reporting access to the TTE System should run the IRS Report weekly as follows:

Log in to Concur and click on the Reporting tab



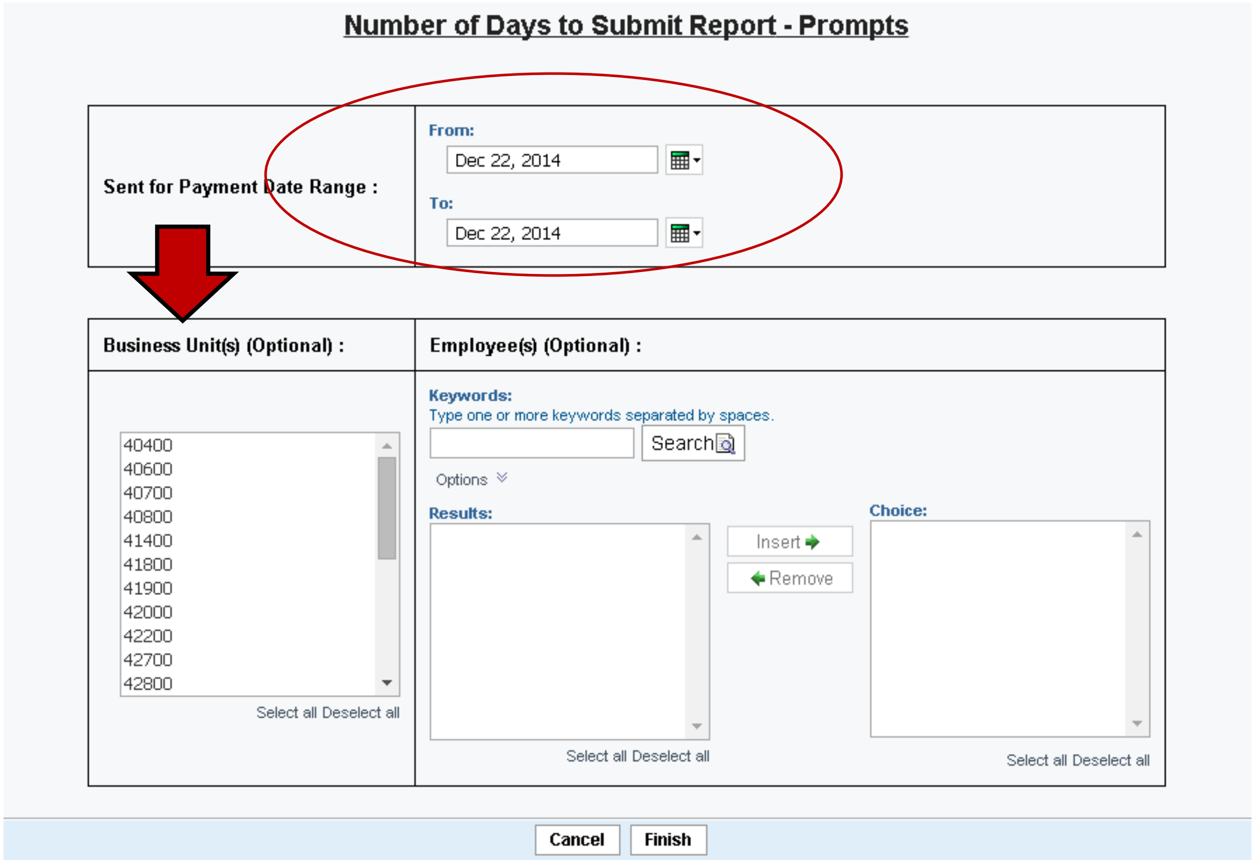
Select the State Accounting Office Folder



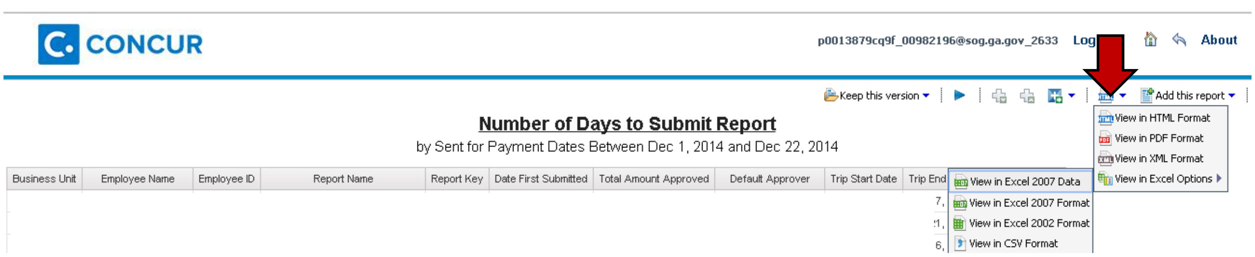
Scroll down to the IRS Report:

From the IRS (Number of Days to Submit Report) Prompt window:

- Enter the date range to be reviewed
- Select the Business unit
- Click **Finish**



The report will display:



To view this report in Excel, click the alternate view icon , select **View in Excel Options** and then select the Excel format desired and then open the report. Where the report appears to open depends on the browser you are using.

The report will export to Excel and you will have the full functionality of Excel to sort or manipulate the report data as needed. Sorting the data to include the # days to submit will bring potentially taxable instances to attention.

Number of Days to Submit Report

by Sent for Payment Dates Between Oct 1, 2013 and Dec 31, 2013

Business Unit	Employee Name	Employee ID	Report Name	Report Key	Date First Submitted	Total Amount Approved	Default Approver	Trip Start Date	Trip End Date	# Days to Submit
40700	Doe, Jane	00999999	FMC Conference	88239	Sep 26, 2013	543.61	Approver, The	Sep 22, 2013	Sep 25, 2013	1

It is recommended that you evaluate the trip dates and submit dates. The employee may have made an error which resulted in a negative number or a HUGE number in the # days to submit field. Examples would be entering an incorrect year in the start or end dates or submitting the report before the end date of the expense report which would create a negative number.

Once you determine that there are one or more taxable expense reports (60 days or greater listed in the days to submit field), provide a copy of the report to your HR/Payroll office as soon as possible. The HR/Payroll office will handle the process from this point.

HR/Payroll enters the total amount of the expense report on the employee's payline in TeamWorks HCM, using earnings code TAI. The information will be added to the employee's payline during the normal "on-cycle" process. The "on-cycle" process depends on the pay cycle the agency is using – semi-monthly, weekly, or monthly.