

Accountable Plan for Business Expense Reporting/60 day Rule

POLICY STATEMENT

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 employee is expected to incur.
- There must be a complete accounting for the expenses. Those seeking reimbursement for business expenses must submit a *Travel and Expense Report* via [travelND](#) at which follows the [University's Travel Policy](#).
- Any advances must be repaid in a reasonable time. Employees must return any advance amounts in excess of substantiated expenses no later than when the related *Travel and Expense Report* is submitted (within 60 days-see below).

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 charges (not paid by credit card)-incurred as of the date of the invoice or receipt.

The expense or advance is considered "substantiated" at the time the reimbursement request or the advance being accounted is submitted to the approver in [travelND](#). After this 60-day time frame, the submission will not qualify for "accountable plan" treatment and must be treated as income to the employee.