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## Expense Reporting

Other Areas Involved:
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<p><b>Overview</b> – This policy describes the fundamental Internal Revenue Service requirements for employee reimbursements and establishes time limitations for submission of such requests by UT Southwestern faculty and staff. This policy applies to all employee reimbursements and does not change existing policies regarding approvals, allowable expenditures or reimbursement limitations.</p>
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### Accountable Plan

UT Southwestern maintains an Internal Revenue Service (IRS) “accountable plan” under which reimbursements for travel, official functions and non-travel business expenses are not required to be reported as income to the employee. Under the accountable plan, travel advances and reimbursement of expenses must meet three requirements:

- Advances and reimbursements must be made only for travel, official functions or non-travel business expenses that directly benefit the University.
- Employees must provide a statement (with appropriate documentation) substantiating the amount, time, use, and business purpose of the expenses within a reasonable period of time.
- Any amount paid to the employee that is more than the business-related expenses adequately accounted for must be returned within a reasonable period of time.

Any expenses that fail to meet all three rules for the accountable plan must be treated as **income** to the employee and reported to the IRS on Form W-2 (subject to withholding of employment taxes) or Form 1042-S (subject to section 1441 withholding), as applicable.

### Timeliness of Reporting

The following procedures are intended to provide for the timely and accurate reporting of University travel, official functions and non-travel business expenses and to ensure compliance with the accountable plan rules:

- Employee claims for reimbursement of approved travel and the return of any advances in excess of substantiated expenses should be received in the

***General Accounting***

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- Accounting Department **within ten (10) days** of completion of the trip; for official functions and non-travel business expenses should be received in the Accounting Department **within thirty (30) days** after the date on which non-travel business expense was incurred.
- Any claim for reimbursement received in the Accounting Department **more than ninety (90) days** after the completion of the trip or the date on which an official functions or non-travel business expense was incurred will be considered income to the employee, will be included on Form W-2 (and subject to withholding of employment taxes) or on Form 1042-S (and subject to section 1441 withholding), as applicable and should not be grossed up.
  - Claims for expenses left unreported for **more than six months** after the completion of a trip or the date on which an official functions or non-travel business expense was incurred **will not be paid.**