

## Accountable Travel and Mileage Reimbursement Plan

### Travel

The basic rationale underlying all travel regulations is that the company should incur the lowest practical and reasonable expense while completing the travel in an efficient and timely manner. Persons traveling on company business have the duty to exercise care to avoid impropriety, or even the appearance of impropriety, in any travel expense. Reimbursement is allowed for ordinary and necessary traveling expenses incurred by an employee while away from home in the conduct of company business. "Home" is considered to be the locale of the company. Individuals are not "away from home" unless their duties require them to be away from the company for a period substantially longer than an ordinary workday and it is reasonable for them to need to sleep or rest.

Company's policies for travel and/or expense reimbursements are subject to the accountable plan rules as set forth by the Internal Revenue Service. The requirements for an accountable plan are:

1. Expenses must be expenses that are incurred by the employee in connection with the performance of service for the employer.
2. Expenses must be substantiated to the employer within a reasonable time period. The elements to be substantiated are amount, time, place and purpose.
3. Employees must return to the payer within a reasonable period of time any amount paid under the arrangement in excess of the substantiated expenses.

If a plan fails to meet the requirements of an accountable plan, the amounts paid under the plan are treated as if paid under a non accountable plan and are treated as wages subject to employment taxes and income taxes.

**Section A.** In general, company employees are subject to the travel policies and procedures. Requests for reimbursement must be made to the company within sixty (60) days after the last day of travel; requests submitted after the sixty (60) day period will not be honored. Reimbursement requests will need to be submitted prior to company's year-end closing at June 30.

Original, itemized receipts of all expenditures must be attached to the request for reimbursement. Reimbursement is for actual expenditures.

In certain situations, trips are funded through a cash advance. When this occurs, the request must be submitted in writing.

**Section B.** Receipts. Proper approval of any reimbursement request must be obtained from the immediate supervisor. This individual authorizing the requisition will be held accountable for any issues presented..

All expenses must be documented on one reimbursement request. Job must be identified. Original, itemized receipts must be submitted with the request. To meet IRS accountable plan rules, the receipts must indicate:

1. Location of travel
2. Dates of travel
3. Business purpose of travel
4. Attendees, if applicable

5. Indication that the bill has already been paid by the employee. For instance, for domestic travel, hotel bills must either show a zero balance due or the employee must also submit his credit card statement.

Specifically, when requesting reimbursement for conference registrations, a copy of the personal check used to register or charge card documentation along with a copy of the registration form/conference itinerary can be submitted in lieu of the actual receipt. Any meals purchased when otherwise provided by the conference will not be reimbursed. Reimbursement for airfare requires either an original itinerary with form of payment indicated or the actual ticket that shows amount paid and form of payment. Coach or tourist fare is reimbursed for air travel. Requests for hotel reimbursements must include the hotel portfolio. Room service and meal charges on the portfolio should be accompanied with an itemized meal receipt, where possible. Adequate substantiation is still required. Hotel reimbursement is only allowed for lodging when traveling on company business away from the company. Miscellaneous charges must be reasonable, itemized, and explained to justify business purpose. Receipts for ground transportation (e.g., taxis, buses) are required, if possible. Coach or tourist fare is reimbursed for rail or bus travel. Regardless, substantiation is still required (as indicated in 1 through 4 above).

**Mileage** is reimbursed at the allowable rate as established by the Internal Revenue Service based on actual miles from the company base of employment to the travel destination. A log or other record is required prior to reimbursement at the current IRS business mileage rate.

**Section C.** Meal reimbursements should be documented with original itemized receipts. Charge card receipts must include the original itemized receipt. Costs incurred for meals must be reasonable. Tips for meals in excess of 20% will not be reimbursed. Any meals purchased when otherwise provided by a conference will not be reimbursed.

If an itemized meal receipt is not submitted and this is an occasional, non-recurring occurrence, the traveler will be reimbursed according to the following schedule as long as business purpose, location, date and attendees are indicated:

Breakfast	\$ _____	.00 including tips
Lunch	\$ _____	.00 including tips
Dinner	\$ _____	.00 including tips

Please note that meals while traveling overnight are subject to IRS travel rules. Meals while on company business but not away from "home" or while traveling are subject to the entertainment rules. Under the travel rules, meals are an allowable travel expense only if the trip takes substantially longer than an ordinary day's work and one needs to get sleep or rest to meet the demands of the work while away from home. **Thus, with one-day trips the lunch meal is generally considered a personal expenditure and is not reimbursable.** But should travel exceed 10 hours, the dinner meal may be reimbursed. All meal expenditures may be reimbursed when travel is over-night provided they are properly approved with business use substantiation and they are not lavish or extravagant.

**Under the entertainment rules,** meals must meet the business requirement test to be reimbursable. Otherwise the meal is deemed a personal expenditure. To meet the business requirement test, the main purpose of the meal must be the active conduct of business for the general expectation of getting some specific business benefit at some future date. Meals with outside parties can generally meet this requirement. It is much harder to substantiate a meal between associates as there is generally no real business reason for conducting the discussion during the meal. Thus, meals provided at departmental

meetings are not generally reimbursed.

Food and beverages for employees furnished on business premises may be reimbursed to the extent that it is reasonable and infrequent. Infrequent would constitute two or three times a year. Thus, the employee staff meeting, the appreciation dinner, the retreat, the company picnic or Christmas dinner would all be reimbursable as long as these were non-recurring activities.

**Section D.** Credit Card documentation. Credit Card charges must be substantiated with:

1. Proper approval on the statement.
2. All original itemized receipts (see discussion on specific items in B and C above).
3. Business purpose on all receipts (including when, where, why, who and what).

The documentation must be timely submitted to ensure payment by the due date. Finance charges are the financial responsibility of the cardholder. The cardholder is responsible for submitting and resolving all disputes with the credit card company. If the credit card receipt is lost or otherwise not submitted, the cardholder is responsible for the expenditure and should submit a personal check made payable to the company along with other documentation. If receipts are found at a later date, the cardholder may request reimbursement at that time.

**Section E.** Miscellaneous reimbursable travel expenses. The following items are **generally reimbursable** to the extent they are reasonable and necessary business expenditures:

1. Business office expenses (fax, copy services, telegrams, etc.)
2. Business phone calls
3. Conference fees
4. Currency conversion fees
5. Fees for the purchase of traveler's checks for foreign travel
6. for refueling a rented car
7. Ground transportation (train, taxi, bus, subway, etc.)
8. Laundry and dry cleaning charges for trips exceeding ten consecutive calendar days
9. Parking and tolls
10. Reasonable personal phone calls that allow the traveler to stay in touch with family as pre-approved by immediate supervisor.
11. Tips up to 20% of meal cost
12. Visa fees and costs of obtaining passport for business travel

**Section F. Non reimbursable travel expenses.** The following items are generally not reimbursable. Note: This list is not all-inclusive.

Movie rentals, theater tickets, newspapers, magazines, prescriptions, over-the-counter drugs, hotel mini-bar expenditures, snacks, non-meal related food and drink items, etc.

1. Insurance on rental automobiles
2. Trip/flight insurance
3. Parking tickets and fines for traffic violations
4. Personal expenses
5. Personal portion of airfare while on company business
6. Personal-use portion of a car rented for company business

7. Repairs or towing of personal vehicles used for company business. These costs are included in the mileage reimbursement rate.
8. Expenses incurred by spouses, partners and families or rate increases occasioned by presence of spouses, partners and families.
9. Laundry service for trips of less than ten consecutive calendar days
10. Personal aircraft usage
11. Extra baggage charges for personal items, such as golf clubs, skis, etc.
12. Childcare or pet care costs
13. Loss or theft of cash advance money, airline tickets, traveler's checks, etc.
14. Locksmith charges
15. Lost baggage, luggage, and briefcases
16. Souvenirs and personal gifts
17. Health club fees
18. Commuting expenses between home and work