Meal Reimbursement Change Effective 9/1/2014 for Local Funds

The Internal Revenue Service (IRS) audits are focusing more on employee reimbursements. In response to this changing audit environment, the Texas A&M University System’s outside tax attorney has recommended Texas A&M members change current practices to ensure compliance with IRS publications 463, 535 and 15-B.

Effective 9/1/2014, we will have a more restrictive policy than our previous local funds policy. The new policy will be to reimburse actuals up to the GSA rate without receipts, but receipts or substantiation are required if the daily meal expenses exceed the GSA rate. The State Department’s rates will be used for foreign travel. (Fiscal responsibility still applies).

System members adopting this policy:
  - Texas A&M University
  - Texas A&M University at Galveston
  - Texas A&M Health Science Center
  - Texas A&M AgriLife Extension Service
  - Texas A&M AgriLife Research
  - Texas A&M Veterinary Medical Diagnostic Laboratory
  - Texas A&M Engineering Experiment Station *after they implement Concur in FY’15

Substantiation can be either the receipt or if the travel card was used, this provides the required substantiation.

State Funds Policy will remain the same – reimburse up to the GSA rate, no receipts or substantiation required. A department can require receipts but neither the State nor AgriLife require them.

90 Day Reimbursement Change Effective 9/1/2014 for All Funds

IRS’ Safe Harbor Rules – all expenses must be adequately accounted for within 90 days or the expenses will be reported as taxable income to the employee.

Travel
Submission of expense report within 90 days of travel end date
  - Best practice is to submit within 30 days
  - Applies to out of pocket and travel card transactions
  - If not submitted within 90 days of travel end date
    - Travel card immediately suspended until expense report is submitted and approved
    - Expenses become tax reportable income to the employee and a tax withholding form must be attached to the expense report

Unassigned travel card transactions assigned to an expense report within 90 days of post date
  - Documents travel end date, which allows for aging/tracking of expenses
  - Best practice is to assign transactions within 30 days
  - After 60 days lose dispute rights with the bank
  - If not assigned within 90 days of post date
- Travel card immediately suspended until transactions are assigned to an expense report and the travel end date can be evaluated.
- If the travel end date is less than 90 days the card suspension will be removed.
- If travel end date is older than 90 days the expenses become tax reportable income to the employee and card will remain suspended until expense report is submitted and approved.

Third Strike Rule - for cards suspended for the third time
- Travel Card will be suspended for one year with notification of card suspension sent to traveler, department head, assistant dean and dean/VP.
- No travel advances will be made available to the employee during this time period.

Purchase
For any reimbursement request outside of travel expenses must be submitted for reimbursement with 90 days of the receipt date or in the case of a working fund project completion date.
- Best practice is to submit reimbursement requests within 30 days.
- Any reimbursement request older than 90 days should include a request for tax withholding form.