Taxation of Employee Reimbursements over 90 days

Texas A&M System policy requires that all employee reimbursements / employee travel expenses must be adequately accounted for within 90 days or the expenses will be reported as taxable income to the employee (through the Payroll office). The A&M System implemented this policy to meet the “reasonable period of time” in the IRS accountable plan. Expenses that fall within the IRS accountable plan are not reported as taxable income to the employee.

IRS Accountable Plan

- expenses must have a business connection
- must adequately account for these expenses within a reasonable period of time
- must return any excess reimbursement or allowance within a reasonable period of time

For travel, this means submission of a Concur expense report within 90 days of travel end date.

- Best practice is to submit within 30 days
- Applies to both out of pocket and agency/university travel card transactions
- If not submitted within 90 days of travel end date, expenses become tax reportable income to the employee and a tax withholding form must be attached to the expense report

For purchase reimbursements, this means submission of an AggieBuy non-PO based invoice within 90 days of the receipt date.

- Best practice is to use a payment card and not have a personal reimbursement
- If not submitted within 90 days of receipt date of purchase, expenses become tax reportable income to the employee and a tax withholding form must be attached to the AggieBuy invoice

Department business office should date stamp employee receipts when they arrive. This is done so that if the travel expense report or AggieBuy reimbursement is not submitted within 90 days, we could have an exception on which to not tax the employee. In other words, if employee did turn in the receipts within the 90-day window, based on date stamp, but the travel report or invoice was not created until after 90 days, we have a justification to not follow System Policy.

Keep in mind that if the Concur expense report is not submitted within 90 days of the end date of travel and it has travel card transaction(s), you run the risk of the travel card being suspended until the report is both submitted and approved. Please remember that charges on an agency/university travel card are initially paid on a Fiscal Office account (TAMU or TEES) and the charges are not put on the proper account until the Expense Report is submitted and approved.

For questions about how to complete the Request for Tax Withholding on Non-Salary Compensation Items form, please contact TEES Payroll at 979.458.7493.