

PAYMENT OF ACCOUNTABLE PLAN BUSINESS EXPENSES

Business expenses that fall under the Accountable Plan Rules are not taxable to the employee and should be paid through Aggiebuy.

IRS Accountable Plan Rules:

- 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

How to pay an accountable plan expense:

- Reimburse the employee via Aggiebuy – the employee would pay for the expense and provide a required receipt to TAMU for reimbursement, or
- Pay the vendor via Aggiebuy – TAMU would pay the vendor directly, to cover the period for which services were provided to TAMU. (Best option)

How not to pay an accountable plan expense:

- Allowance in Workday – Accountable plan expenses **cannot** be paid as an allowance in Workday. Paying a business expense as an allowance in Workday will produce a taxable event for the employee and thus produce a tax deduction on the amount of the allowance at the supplemental tax rate.