



KENTUCKY STATE UNIVERSITY POLICIES AND PROCEDURES

POLICY TITLE:

Accountable Plan for Employee Expenses Policy

VOLUME, SECTION & NUMBER:

ENTITIES AFFECTED:

All Divisions and Departments

ADMINISTRATIVE AUTHORITY:

Finance and Administration

APPROVED BY:

Kentucky State University Board of Regents

EFFECTIVE DATE:

August 9, 2024

POLICY STATEMENT:

An accountable plan follows Internal Revenue Service regulations for paying for employee business expenses in which the payment is not included in an employee's income and thus not subject to tax withholding.

Employee expense reimbursements and advancements remain non-taxable under an accountable plan if all of the following criteria are met:

- Expenses are reasonable and necessary;
- Expenses are related to the business purpose of Kentucky State University (KSU);
- Expenses are appropriately accounted for and substantiated within 60 days of incurring the expense; and
- Excess reimbursements, advances, or unsubstantiated expenses are repaid within 120 days of payment.

Expenses paid directly by KSU on behalf of an employee for business expenses must also meet these requirements.

Any amounts paid by KSU, either directly or reimbursed to the employee, and not substantiated within 60 days of the expense, will be reported as taxable income to the employee in the next available payroll cycle.

Travel and entertainment expenses reimbursed under the accountable plan must comply with the Travel and

Entertainment Expense Policy. All expenses must comply with the Purchasing Policy.

RELATED POLICIES:

Business Policies and Procedures Manual

Purchasing Policy

Entertainment Expense Policy

STATUTORY AND REGULATORY REFERENCES:

IRS Publication 5137 (Rev. 10-2022)
