

Sample Accountable Plan for Business Expense Reimbursement

Purpose: This document can be used as a guide to draft an accountable plan for expense reimbursements. However, it is merely an example, and it is not meant to be adopted or adapted without consulting appropriate legal counsel.

PART I: ACCOUNTABLE PLAN

_____ desires to establish an expense reimbursement policy pursuant to Reg. 1.62-2, upon the following terms and conditions:

1. Except as otherwise noted in Part II below, any person now or hereafter employed by shall be reimbursed for any ordinary and necessary business and professional expenses incurred on behalf of _____ only if the expenses are adequately substantiated as required by the Company policy on expense reimbursements. (See policy memo.)
2. Under no circumstances will _____ reimburse employees for business or professional expenses incurred on behalf of _____ that are not properly substantiated. _____ and employees understand that this requirement is necessary to prevent our expense reimbursement plan from being classified as a “non-accountable” plan.
3. All expenses must be substantiated within a reasonable period of time.¹ See our Company policy statement of substantiation for what constitutes a reasonable period of time.
4. All charges to company credit cards must be substantiated in the same manner as the above mentioned reimbursements.
5. Advances that are not substantiated within a reasonable period of time must be returned (paid back) within a reasonable period of time.²

PART II: EXCEPTIONS TO ACCOUNTABLE PLAN

Notwithstanding any term or condition in Part I of this document, the following persons, expenses, or arrangements are not considered to be covered under this accountable plan and are subject to terms and conditions of a separate expense reimbursement policy:

1. _____
2. _____
3. _____

Company officer: _____ Date: _____

¹ Must be 60 days or less after the expense is paid or incurred if the company wants to qualify for the “fixed date” safe harbor substantiation rule.

² Must be 120 days or less after the expense is paid or incurred if the company wants to qualify for the “fixed date” safe harbor substantiation rule.