**ACCOUNTABLE PLAN REIMBURSEMENTS**

**IRS Accountable Plan Guidelines**

Indiana University reimburses individuals under an accountable plan, as defined by the Internal Revenue Service (IRS), for ordinary and necessary business expenses incurred. These include approved payments for travel, moving expenses and allowable out-of-pocket expenses related to official university business, including those expenditures from faculty research accounts. In order to qualify under the accountable plan, payments for expenses must meet the three requirements of IRS Regulation §1.62-2 - see below:

1. Business Connection Requirement: advances, allowances or reimbursements are only for allowable business expenses that are paid or incurred by the individual in the course of conducting university business.
2. Substantiation Requirement: the individual must substantiate each business expense with a detailed record within a reasonable period of time (120 days).
3. Return of Funds Requirement: if an advance was received, the individual must substantiate any amount within 120 days and return any amount in excess of the expenses substantiated to IU.

If the arrangement meets the requirements of 1-3 listed above, all reimbursements will be treated as non-taxable under the accountable plan rules. If the requirements are not met, the expense may still be reimbursed, but will be considered reportable income to the individual.