

# **S CORPORATION ACCOUNTABLE PLAN FOR EMPLOYEE AND SHAREHOLDER EXPENSE REIMBURSEMENT**

## **Company Information**

**Company Name:** \_\_\_\_\_

**Effective Date:** \_\_\_\_\_

**Tax Year:** \_\_\_\_\_

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## **ACCOUNTABLE PLAN POLICY**

### **1. Purpose**

The purpose of this Accountable Plan is to establish procedures for reimbursing employees and shareholder employees for ordinary and necessary business expenses incurred on behalf of the Corporation in accordance with applicable Internal Revenue Service (IRS) regulations.

Under this Accountable Plan, qualified reimbursements will not be treated as taxable wages to the employee or shareholder-employee and will not be reported as compensation on Form W-2.

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### **2. Covered Individuals**

This policy applies to:

- Employees
- Officers
- Shareholder-Employees
- Directors authorized to incur business expenses

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### **3. Eligible Business Expenses**

The Corporation may reimburse reasonable and necessary business expenses including, but not limited to:

### **Travel Expenses**

- Airfare
- Lodging
- Taxi, rideshare, and public transportation
- Parking fees
- Tolls
- Baggage fees

### **Vehicle Expenses**

- Business mileage using a personal vehicle
- Parking and tolls related to business travel

### **Meals and Entertainment**

- Business meals with clients, customers, vendors, or employees
- Meals incurred during qualifying business travel

### **Office Expenses**

- Office supplies
- Postage and shipping
- Printing and copying

### **Professional Expenses**

- Continuing education
- Professional membership
- Licensing fees
- Business-related conferences and seminars

### **Technology Expenses**

- Business-use software
- Internet expenses attributable to business use
- Cell phone expenses attributable to business use

## **Home Office Expenses (if applicable)**

- Business-use portion of internet
  - Business-use portion of utilities
  - Business-use portion of rent or mortgage interest, where permitted and documented
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## **4. Substantiation Requirements**

To qualify for reimbursement, the individual must provide adequate documentation showing:

### **Required Information**

1. Date of expense
2. Amount of expenses
3. Business purpose
4. Business relationship of people involved (if applicable)
5. Supporting receipts or invoices

### **Acceptable Documentation**

- Receipts
  - Vendor invoices
  - Credit card statements (with supporting receipts)
  - Mileage logs
  - Conference registrations
  - Hotel Folios
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## **5. Reimbursement Request Procedures**

### **Submission Deadline**

Expense reimbursement requests must be submitted within:

\_\_\_ days after the expense is incurred.

Recommended: 60 days.

## **Required Expense Report Information**

Each reimbursement request must include:

- Employee/shareholder name
  - Date incurred
  - Description of expenses
  - Business purpose
  - Amount requested
  - Supporting documentation
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## **6. Mileage Reimbursement**

Business mileage shall be reimbursed using the IRS standard mileage rate in effect at the time travel occurs.

Mileage logs must include:

- Date of trip
  - Starting location
  - Destination
  - Business purpose
  - Total business miles driven
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## **7. Advances**

If the Corporation provides an advance for anticipated expenses:

- The advance must relate to an expected business expense.
- Documentation must be submitted within \_\_\_\_ days after the expense is incurred.
- Excess advances must be returned to the Corporation within \_\_\_\_ days.

Recommended: 120 days.

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## 8. Return of Excess Reimbursements

Any reimbursement or advance exceeding substantiated business expenses must be repaid to the Corporation within 120 days after the expense is paid or incurred.

Failure to return excess amounts may result in the amount being treated as taxable compensation.

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## 9. Non-Reimbursable Expenses

The following expenses are generally not eligible for reimbursement:

- Personal expenses
  - Family member travel unrelated to business
  - Commuting expenses between home and regular work location
  - Personal entertainment
  - Fines and penalties
  - Personal clothing not required for business purposes
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## 10. Approval Authority

<b>Position</b>	<b>Approval Authority</b>
Employee	Direct Supervisor
Manager	Officer
Officer	President
Shareholder-Employee	President or Designated Officer
Sole Shareholder	Self-Approval of Documentation Maintained in Corporate Records

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## 11. Record Retention

The Corporation shall maintain reimbursement records and support documentation for a minimum of:

\_\_\_\_ years

Recommended: 7 years.

Records shall include:

- Expense reports
- Receipts
- Mileage logs
- Reimbursement approvals
- Copies of reimbursement payments

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## **12. Compliance Statement**

The Corporation intends for this policy to qualify as an Accountable Plan under Treasury Regulation Section 1.62-2. Reimbursements made in accordance with this policy are intended to be excluded from taxable income to the extent permitted by law.

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## **CERTIFICATION**

I acknowledge that I have read and understand the Corporation's Accountable Plan Policy and agree to comply with its requirements.

Employee/Shareholder Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Approved By: \_\_\_\_\_

Date: \_\_\_\_\_

