

## [FIRM NAME] – ACCOUNTABLE PLAN FOR EXPENSE REIMBURSEMENT

[FIRM NAME] desires to establish an expense reimbursement policy pursuant to Treas. Reg. §1.62-2, upon the following terms and conditions:

1. Any person now or hereafter employed by [FIRM NAME] shall be reimbursed for any ordinary and necessary business and professional expenses paid or incurred by the employee in connection with the performance of services as an employee of [FIRM NAME] but only if the expenses are adequately substantiated as described below.
2. Under no circumstances will [FIRM NAME] reimburse employees for business or professional expenses incurred on behalf of [FIRM NAME] that are not properly substantiated. [FIRM NAME] and its employees understand that this requirement is necessary to prevent our expense reimbursement plan from being classified as a “nonaccountable” plan.
3. All expenses must be substantiated within a reasonable period of time. For purposes of this section, substantiation within sixty (60) days or less after the expense is paid or incurred will always be deemed to have been substantiated within a reasonable period of time.
4. In general, to substantiate an expense, employees must provide to [FIRM NAME] adequate records of:
  - a. The amount of the expense
  - b. The date and time of the expense
  - c. Where applicable, the place of any travel, and
  - d. The business purpose of the expense
5. When expenses are paid or incurred in connection with business entertainment, amusement, or recreation, the employee must also provide adequate records showing the place of any such entertainment, amusement, or recreation along with a description of the business relationship to [FIRM NAME] of any person entertained.
6. In lieu of reimbursing an employee for actual expenses paid or incurred in connection with transportation costs, [FIRM NAME] may choose to pay a mileage allowance, based upon actual miles traveled. In addition, when the business travel is away from home, [FIRM NAME] may choose to pay a per diem allowance for meals and lodging in lieu of actual expenses. When a mileage allowance is provided, the employee must substantiate the number of business miles and the date, time, and purpose of the expense. Similarly, when a per diem allowance is provided, the employee must substantiate the time, place, and business purpose of the business travel. Any mileage or per diem allowance will be paid to the employee at the then applicable rate established by the Commissioner of Internal Revenue.
7. All charges to company credit cards must be substantiated in the same manner as the above-mentioned reimbursements.
8. Under certain circumstances, [FIRM NAME] may advance funds to an employee to defray future business expenses. Any advance will generally be made within thirty (30) days of when the employee is expected to pay or incur the expense. In addition, the employee must return, within a reasonable time, any amounts in excess of substantiated expenses. For purposes of this section, amounts returned within 120 days after the expense is paid or incurred will always be deemed to have been returned within a reasonable time.

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[FIRM NAME]

SIGNED: \_\_\_\_\_  
[AGENCY OWNER NAME]

DATE: \_\_\_\_\_

