



**Standard Practice Guide 507.10-1, Travel and Business Hosting Expense Policy<sup>1</sup>**

**Accountable Plan Exception Request Form  
for Expenses Submitted Beyond the Due Date  
(i.e., 45 days after the start date<sup>2</sup>)**

**I. Purpose**

Individuals must [submit this form](#) to the Tax Compliance & Planning Office (tax team) when their expenses are beyond 45 days after the start date (see definition in III. below) and the lateness is due to extenuating circumstances. The form must be submitted to the tax team before submitting the late expense report through Concur for processing.

**II. Review Process**

The tax team must review late expenses based on a “facts and circumstances” test that requires an accurate and complete description of each expense. It provides exceptions based on extenuating circumstances, such as extended personal illness, death in the family, unanticipated leave of absence, unforeseen emergency beyond the control of the employee and other similar scenarios. The individuals must provide a complete and accurate description and documentation for these exceptions.

That said, the form provides a noted exception for expenses that are beyond the 45-day period but fall within 60 days of the start date and the individual has made a good-faith effort to comply with the SPG<sup>3</sup>. This exception requires no description or additional documentation.

**A. Approval**

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<sup>1</sup> This SPG applies to university faculty and staff.

<sup>2</sup> Article III, Section D. of the Standard Practice Guide 507.10-1, Travel and Business Hosting Expense Policy (SPG) requires that “Employees must submit expenses via the university’s expense system substantiating the amount, date, and business purpose of expenses, ideally within 10 days but no later than 45 days, of the transaction date or completion of the trip or date of hosted event. Expenses submitted in excess of 45 calendar days will be reviewed by the Tax department to determine whether they are reimbursable.”

<sup>3</sup> The Internal Revenue Service (IRS) requires that employees and third parties submit the expenses that they incur out-of-pocket on behalf of their employer within a reasonable period to establish the business purpose necessary to receive tax-free reimbursements, [Treasury Regulation Section (Reg.) 1.62-2(e)(1)]. The SPG uses a period of 10 to 45 days; however, the IRS provides a safe harbor of 60 days, [Treasury Regulation 1.62-2(g)(2)]. Accordingly, late expenses per the SPG that fall within the safe harbor will be approved without any description and documentation so long as the individual demonstrates a good-faith effort to comply.

When the request is approved, submit the expense report through Concur with the email approving this request. Assuming the report is otherwise complete, the requested reimbursements will be provided to the individual-submitter on a tax-free basis. Further, this form will serve as documentation to minimize the tax risks that the Internal Revenue Service (IRS) and/or other taxing agencies may assess against the individual-submitters upon examination.

#### B. Denial

When the request is denied, the individuals must request that their unit process their expenses through the Payroll Department as additional pay using earnings code TEA. These reimbursements will be treated as taxable income and included in their wages and subject to taxation.

[Please submit this form](#) to the tax team at the following address at [taxreporting@umich.edu](mailto:taxreporting@umich.edu).

Accordingly, the individuals should receive a determination within 3 to 7 business days from the date the form has been received unless there is a need for additional information.

### III. Definitions of Start and End Dates that Determine Lateness

The start date is generally the date of the transaction; however, other dates may also serve as the start date.

- When traveling, the start date for expenses incurred that relate to the trip is the date of the trip's end.<sup>4</sup>
- When hosting an event, the start date for expenses incurred that relate to the event is the date of the event.<sup>5</sup>
- When reimbursement is contingent on passing an exam, the start date is the date the individuals have been notified that they passed.

The end date is when the individual has submitted the expense report in Concur and subsequently demonstrates good faith efforts to comply with the reimbursement process, e.g., responds timely to requests for additional information. Alternatively, when using the expense report creation service provided by the Shared Services Center (SSC), the date that substantially all the receipts have been provided to SSC serves as the end date so long as the individual-submitters:

- Provide sufficient information when submitting their initial reports, e.g., 3 of the 5 receipts is insufficient;
- Respond to questions for additional information and submit the report through Concur within a reasonable period of time. i.e., no later than 10 business days.

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<sup>4</sup> Using the date of the trip's end or the date of the event in lieu of the date of the transaction allows employees to bundle multiple expenses that relate to the trip or event into one report which minimizes costs and maximizes time management.

<sup>5</sup> Ibid.