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Business Expense Substantiation: Don’t Risk Income Tax on your Procurement Card Transactions [1]

December 14, 2022

With the revised Finance Procedural Statement **Business Expense Substantiation & Tax Implications**, effective January 1, 2023, requirements for timely substantiation/submission of business expenses apply to commercial credit card transactions – including **Procurement Card** – in addition to employee reimbursements.

- This means that beginning 1/1/23, if you do not document, attach receipts, and submit your Procurement Card transactions on an expense report in Concur within 90 days of the date the expense was incurred, the amount of the expense will be reported as taxable income to you.

To prepare:

- If you’re a Procurement Card cardholder or delegate, **review any unsubmitted card transactions in Concur now**. This week (on December 15), the Procurement Service Center (PSC) is sending their monthly notifications to Procurement Card cardholders/delegates/Approving Officials, highlighting unsubmitted expenses older than 30 days.
- Remember that per PSC policy, Procurement Card expenses should be submitted monthly (every 30 days).
- If any Procurement Card expenses have a transaction date **on or before October 1, 2022**: assign the transactions to a Procurement Card expense report, enter the required business purpose and receipts, and **submit the report in Concur immediately**. These transactions will otherwise be over 90 days old as of January 1, 2023, and the cardholder could incur a tax liability.

For more information on why Procurement Card cardholders are subject to taxation on expenses, see our recent blog post [2] and review the Finance Procedural Statement Business Expense Substantiation & Tax Implications [3]. **Questions?** Use the feedback form at the bottom of the procedural statement webpage.

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