

## **Get Ready for Jan 1: Top Questions on Business Expense Substantiation** <sup>[1]</sup>

December 21, 2022

As employees get ready for the expanded impact of the new Business Expense Substantiation & Tax Implications procedures, the top questions we've received over the past several weeks are related to Procurement Card reassigned transactions ... pre-trip expenses on Procurement Cards and Travel Cards ... what needs to happen within 90 days to avoid taxation to the employee ... and what the January 1 effective date means in terms of processing.

Thank you all for these questions. Read on for the answers!

- **Procurement Card reassigned transactions.** If an employee cardholder leaves CU -- and their commercial card transactions have not all been substantiated and submitted -- the PSC will assign a *delegate* to process the transactions *under the inactive employee's profile*. This is a change in processing due to the potential tax consequences of unsubstantiated expenses. (Previously, the inactive employee's card transactions would have been reassigned to an active employee.) Departments should work with the PSC's Commercial Card Office on identifying the appropriate delegate to assign to the inactive account, if one is not already assigned.
- **Pre-trip expenses on Procurement Cards and Travel Cards.** If you use the Procurement Card to cover the costs of a conference registration or training (for yourself or others), you should submit the expense as usual, on a monthly Procurement Card expense report. If you use the Travel Card to cover your conference registration or training, you should assign the transaction to a Travel Reconciliation expense report and then wait to submit the report until the conference/training has been completed. If you pay personally for these expenses, you should also wait to submit until the event is over. *As a reminder, an employee cannot use their own Travel Card to pay for other employees' travel expenses, including registration fees.*
- **What needs to happen within 90 days.** The employee cardholder/traveler must **submit** an expense report in Concur, documenting the transaction, within 90 days of the date the expense was incurred or within 90 days of the date the trip **ended**. The expense report does not need to be partially or fully approved within this time. If an approver has questions and returns the report to the employee -- and the employee resubmits it -- then the **first** submit date will be used to determine substantiation timeline.
- **What the January 1 effective date means in terms of processing.** If an employee's unsubmitted expense (or - for a trip - if an employee's trip end date) is over 90 days old as of January 1, 2023, then the employee will be subject to tax consequences once that report is submitted, fully approved, and paid through the system. This applies to reconciled cash advance funds, Procurement Card, Travel Card, and Airfare Card transactions -- as well as out-of-pocket/personally paid business expenses.

We encourage all employees to review the new Finance Procedural Statement [Business Expense Substantiation & Tax Implications](#) [2] and then take the self-assessment (quiz) on that page.

Please share this communication with a colleague. Friends don't let friends get taxed on expense reports!

**Questions?** Use the feedback form at the bottom of the [procedural statement webpage](#) [2].

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