

Get Ready: Business Expense Substantiation & Tax Implications ^[1]

December 5, 2022

As [discussed last month](#) ^[2], the Procurement Service Center (PSC) and Office of University Controller (OUC) have recently researched and clarified aspects of the current Business Expense Reimbursement policy. The result is the revised Finance Procedural Statement Business Expense Substantiation & Tax Implications, which is planned to take effect on January 1, 2023. You can link to the new procedures and several related resources from the OUC's [Finance Procedural Statements website](#) ^[3].

If you submit travel or other reimbursement expense reports in Concur, you may already be familiar with current requirements for substantiating/submitting business-related expenses that you've covered personally. With the revised procedures, requirements for timely substantiation/submission of business expenses apply to commercial credit card transactions (**Procurement Card, Travel Card, Airfare Card**) and to **cash advances**, in addition to **employee reimbursements**. Failure to comply with these requirements within 90 days of end of trip or (for non-travel expenses) within 90 days of date the expense was incurred, will result in the full amount being reported as taxable income to the employee.

One of our top questions has been, *Why are Procurement Card cardholders subject to taxation on expenses that their department asked them to make, just because they didn't substantiate them within the required timeframe?*

- Per Internal Revenue Code, use of a corporate-liability credit card is similar to receipt of a cash advance in that the funds are being made available to the employee in advance of the employee documenting their appropriate use. Failure to substantiate timely means the expense has not been proven to be a business expense as required by the University's accountable plan.
- The IRS has indicated that substantiation within 60 days from the date the expense was incurred would be considered timely substantiation. While many of our peer institutions follow the 60-day window (and some allow only 30 days), at CU we've established 90 days given the complexities of our organization.

Getting ready for the new procedures

We encourage you to visit the new [website](#) ^[4] ... review the revised procedural statement ... and then confirm your understanding with the [Test Your Knowledge quiz](#) ^[5]. After completing the quiz, you'll have an option to let us know you did ... and be entered in a weekly drawing for a coffee gift card!

Questions?

Use the feedback form at the bottom of the [Finance Procedural Statement Business Expense Substantiation & Tax Implications](#)

[4] page.

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Links

[1] <https://www.cu.edu/controller/news/office-university-controller-news/december-9-2022-edition/get-ready-business-expense> [2] <https://www.cu.edu/controller/news/office-university-controller-news/december-1-2022-edition/business-expense> [3] <https://www.cu.edu/controller/procedures/finance-procedural-statements> [4] <https://www.cu.edu/controller/procedures/finance-procedural-statements/finance-procedural-statement-business-expense-0> [5] <https://www.cu.edu/controller/procedures/finance-procedural-statements/finance-procedural-statement-business-expense-1>