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## **Legal Name of Company Accountable Reimbursement Policy**

Whereas, income tax regulations 1.162-17 and 1.274-5(e) provide that employees need not report on their tax returns expenses paid or incurred by them solely for the benefit of their employer for which they are required to account and do account to their employer and which are charged directly or indirectly to the employer; and

Whereas, income tax regulation 1.274-5(3) further provides that “an adequate accounting means the submission to the employer of an account book, diary, statement of expense, or similar record maintained by the employee in which the information as to each element of expenditure (amount, time and place, business purpose, and business relationship) is recorded at or near the time of the expenditure, together with supporting documentary evidence, in a manner which conforms to all the ‘adequate records’ requirements set forth in the regulation”; be it therefore

Resolved, that the Company hereby adopts an accountable expense reimbursement policy upon the following terms and conditions:

1. **Adequate accounting for reimbursed expenses.** Any employee now and hereafter employed by the Company shall be reimbursed for any ordinary and necessary business and professional expense incurred on behalf of the Company, if the following conditions are satisfied:
  - 1) The expenses are reasonable in amount;
  - 2) The employee documents the amount, date, place, business purpose (and in the case of entertainment expenses, the business relationship of the person or persons entertained) of each such expense with the same kinds of documentary evidence as would be required to support a deduction of the expense on the employee federal tax return; and
  - 3) The employee documents such expenses by providing the accounting department with an accounting of such expenses on a monthly basis. In no event will an expense be reimbursed if substantiated more than 60 days after the expense is paid or incurred by an employee.
2. **Reimbursable expenses.** Reimbursable business and professional expenses include, but are not limited to, local business mileage, overnight travel (including lodging and meals), business meals and entertainment, books and subscriptions, continuing education, professional dues, long distance telephone calls, and cell phones.
3. **Automobile reimbursement rate.** The employee’s business use of his/her personal automobile will be reimbursed at the standard mileage rate allowed by the Internal Revenue Service.

4. **Excess reimbursements.** Any Company advance reimbursement that exceeds the amount of business or professional expenses properly accounted for by an employee pursuant to this policy must be returned to the Company within 120 days after the associated expenses are paid or incurred by the employee, and shall not be retained by the employee.
5. **Reimbursements not funded out of salary reductions.** Reimbursements shall be paid out of Company funds, and not by reducing pay checks by the amount of business expense reimbursements.
6. **Tax reporting.** The Company shall not include in an employee's W-2 form the amount of any business or professional expense properly substantiated and reimbursed according to this policy, and the Company should not report the amount of any such reimbursement as income on Form 1040.
7. **Retention of records.** All receipts and other documentary evidence used by an employee to substantiate business and professional expenses reimbursed under this policy shall be retained by the Company.

Under no circumstances will the Company reimburse an employee for business or professional expenses incurred on behalf of the Company that are not properly substantiated according to this policy. The Company and staff understand that adherence to the requirements of this reimbursement policy is necessary to prevent the plan from being classified as a "non-accountable" plan.

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Company Officer/Member