

BELOIT COLLEGE

Policy: Expense Reimbursements: Candidates for Employment

Source: VPPF

Purpose: To clarify of the policy for expense reimbursements for employment candidates under the College's accountable plan.

1. Travel Expenses for the Candidate Prior to Hiring

Candidates for employment at the College may be reimbursed for their travel expenses at the discretion of the College. The candidate should follow College policies with regard to substantiating the expenses.

2. Travel Expenses for the Candidate Following an Offer of Employment

Travel expenses paid by the College for an individual after they have accepted an offer of employment may only be tax-free if the costs can be considered qualified moving expenses or if they are business expenses incurred on behalf of the College after employment begins.

3. Travel Expenses of Family Members

The College normally does not reimburse travel expenses for family members of candidates for employment. If a Vice President or the Provost approves an exception, the reimbursement will be reported as taxable income.

4. Deadline for Reimbursement

Completed reimbursement forms should be submitted to Accounts Payable within 45 days from the latter of (a) incurring the cost or (b) the conclusion of a business trip. In all cases, requests for expenses to be reimbursed must be submitted within 15 days of the end of that fiscal year (June 15).

5. Business Purpose

The reimbursement request should include the name of the candidate and position for which he/she is a candidate.

6. Substantiation

Costs to be reimbursed must be supported by itemized receipts showing proof of purchase and proof of payment, along with all other information as described in the policies for specific types of expenses. Cancelled checks and credit card statements alone are not considered adequate support for reimbursement, although they may be used to provide proof of payment.

Please contact the Accounts Payable Coordinator or Controller with questions.

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FAQ – Expense Reimbursements: Candidates for Employment

- 1. In order to attract a certain candidate, the College decided to pay for the spouse to visit Beloit. There is a business reason for paying the spouse's travel costs, so why are those costs taxable?**

IRS regulations only allow travel costs for the candidate to be tax-free. Even though there may be a valid reason for paying for the spouse to visit Beloit, the reimbursement is taxable.

- 2. Can the College avoid treating travel costs of the spouse of a candidate as taxable if the College buys the airline ticket and pays the hotel directly?**

Paying for the spouse or other family members of a candidate to visit Beloit creates taxable income—regardless of whether the individuals are reimbursed or the expenses are paid directly.

- 3. How will taxable reimbursements be reported?**

With the exception of moving expenses, taxable reimbursements paid to individuals who have accepted an offer of employment will be paid through Payroll and reported on a Form W-2. Taxable reimbursements paid to individuals who have not accepted an offer of employment will be paid through Accounts Payable and reported on a Form 1099. Moving expenses, taxable and non-taxable, will be paid through Accounts Payable with the taxable portion taxed on the next payroll check.