

AGREEMENT TO ADOPT AN ACCOUNTABLE PLAN

PART I: ACCOUNTABLE PLAN

Insert Name of Company (the Company) desires to establish an expense reimbursement policy pursuant to Reg. 1.62-2, upon the following terms and conditions:

1. Except as otherwise noted in Part II below, any person now or hereafter employed by *Insert Name of Company* shall be reimbursed for any ordinary and necessary business and professional expenses incurred on behalf of *Insert Name of Company* only if the expenses are adequately substantiated as required by the Company policy on expense reimbursements. (See expense reimbursement policy)
2. Under no circumstances will *Insert Name of Company* reimburse employees for business or professional expenses incurred on behalf of *Insert Name of Company* that are not properly substantiated. *Insert Name of Company* and employees understand that this requirement is necessary to prevent our expense reimbursement plan from being classified as a “non-accountable” plan.
3. All expenses must be substantiated within a reasonable period of time.¹ See our Company policy statement of substantiation for what constitutes a reasonable period of time.
4. All charges to company credit cards must be substantiated in the same manner as the above mentioned reimbursements.
5. Advances that are not substantiated within a reasonable period of time must be returned (paid back) within a reasonable period of time.²

PART II: EXCEPTIONS TO ACCOUNTABLE PLAN

Notwithstanding any term or condition in Part I of this document, the following persons, expenses, or arrangements are not considered to be covered under this accountable plan and are subject to terms and conditions of a separate expense reimbursement policy:

1. _____
2. _____
3. _____

Company officer name: _____ Date: _____

Company officer signature: _____

¹ Must be 60 days or less after the expense is paid or incurred if the company wants to qualify for the “fixed date” safe harbor substantiation rule.

² Must be 120 days or less after the expense is paid or incurred if the company wants to qualify for the “fixed date” safe harbor substantiation rule.

Instructions

1. Insert your company's legal name where it says "*Insert Name of Company*" above.
2. In Part II, add any expenses that are not covered by the accountable plan. If there are none, write "none" on line 1 of Part II.
3. Add the responsible officer name, date, and sign at the bottom of Page 1.
4. Once complete, save the signed document with your business records. This will be needed if there is ever an IRS audit.

Please note – this document does not need to be initially filed or submitted to any government agencies (such as the IRS). This is an internal document and will be requested by the IRS if there is ever an audit.