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TO: All Holders of the Financial Planning and Control Manual

NEW ACCOUNTING PROCEDURES

BULLETIN NUMBER: 292	November 18, 2002
SUBJECT: Calendar Year-End Procedures - Taxable Travel Reimbursements	

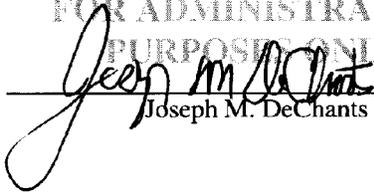
This supersedes New Accounting Procedures Bulletin number 286, issued November 16, 2001.

Attached is a copy of OSC Accounting Bulletin A-520 / P345, dated November 12, 2002. This bulletin details special year-end 2002 processing schedules necessary to facilitate the preparation and distribution of W-2 tax statements by the Comptroller's Office. Some of the key deadlines to be noted include the following:

- All vouchers containing taxable reimbursement amounts to be paid prior to January, 2003 must be assigned a Payment Date of December 13, 2002 or earlier and paid prior to that date to be properly reflected on calendar 2002 W-2's.
- Vouchers containing taxable reimbursement amounts which are entered by agencies must be received OSC no later than December 9, 2002. Vouchers to be entered by OSC must be received no later than December 6, 2002.

- All Quick Pay travel vouchers to be paid prior to the December 13, 2002 deadline must be certified no later than December 12, 2002.
- Avoid the payment of any taxable amounts between December 14, 2002 and December 31, 2002.
- All taxable amount corrections to the PCM file must be completed no later than December 31, 2002 in order to be reflected in the employee's 2002 W-2.

Please ensure distribution of this bulletin to all personnel within your respective jurisdictions who may be responsible for the processing of, or the monitoring of internal control procedures relating to, financial transactions processed via the Central Accounting System.

NYS UNIFIED COURT SYSTEM
FOR ADMINISTRATIVE
PURPOSES ONLY


Joseph M. DeChants



Office of the State Comptroller

ACCOUNTING BULLETIN

Subject	Bulletin No.	Date
<i>Year-End Procedure for Taxable Travel Reimbursements</i>	<i>A520/P345</i>	<i>11/12/02</i>

Purpose

To update calendar year-end procedures relating to taxable travel reimbursements in order for the State to comply with IRS reporting requirements. This bulletin replaces Bulletins A493/P284 and A499/P301.

Types of Taxable Payments

Taxable travel reimbursements include:

- ? Excess Personal Car Mileage (PCM) Reimbursements
- ?? Excess Per Diem Payments
- ?? Non-Overnight Meal Allowances
- ?? Payments to Employees Taxable Under the IRS One-Year Rule

Background

Excess PCM and Per Diem Amounts

- ? IRS rules relating to employee business expense reimbursements require withholding and W-2 reporting on any excess amounts paid.
- ?? "Excess amount?" is the portion greater than the applicable Federal rate and not substantiated by receipts.
- ?? 2002 maximum rate allowed by IRS for PCM is 36.5 cents per mile.
- ?? Current maximum Federal per diems for the continental US can be found on the Comptroller's Internet Home Page: <http://www.osc.state.ny.us/agencies>

Non-Overnight Meal Allowances

- ?? IRS requires employers to report and withhold income and employment taxes from meal allowances for non-overnight travel (day trips).

One-Year Rule

- ?? IRS requires employers to report travel reimbursements and withhold income and employment taxes if employment away from home at a single location is realistically expected to last for more than one year.



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Explanations of rules for excess PCM, Per Diem Amounts, Non-Overnight Meal Allowances and One-Year Rule can be found in the Accounting Controls and Special Procedures Manual, Volume XI, Section 8.

Agency Requirements

Agencies should have taxable travel reimbursements paid by the CAS on or before December 13th, 2002.

- ? Otherwise, agencies will be required to prepare corrected W-2 statements for 2002, and initiate Social Security/ Medicare deficiency deductions through PaySR in 2003.

Required dates:

- ? Vouchers containing excess amounts to be entered by OSC must be received by OSC NO LATER THAN 12/06/02. If entered by agencies, must be received by OSC NO LATER THAN 12/09/02.
- ?? Batches of Quick Pay Travel vouchers to be paid by 12/13/02 must be certified for payment by 12/12/02.
- ? Payment dates on vouchers must be 12/13/02 or earlier.

CAS/Payroll Processing

Taxable travel reimbursement data is transferred from the CAS to the Payroll System at month end, January through November.

This year, a special transfer from the CAS to the Payroll System will be run on December 13, 2002.

- ?? This transfer will include vouchers with taxable reimbursements paid from December 1 through December 13.
- ? These reimbursements will appear as "Taxable Expense" on Institution payroll checks dated 12/26/02 and Administration payroll checks dated 12/31/02.
- ?? Appropriate amounts will be withheld from these payments.

Avoid Year-End Taxable Travel Avoid payment of taxable travel reimbursements by the CAS from 12/14 through 12/31.



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Payments

- ?? If taxable travel reimbursements are paid by the CAS from 12/14 through 12/31, they will not be included as income nor taxed appropriately on the employee's W-2 issued by the Payroll System.
- ?? Taxable travel reimbursement payments made by the CAS from 12/14 through 12/31 will require agencies to prepare corrected W-2 statements for 2002, and initiate Social Security/Medicare deficiency deductions through payroll in 2003.

CAS REPORTS

Agencies will receive a special VOU943, Listing of Taxable Employee Travel Payments by Agency, for the December 13, 2002 transfer.

- ?? The VOU943 will print at agency printers.
- ? Agencies without printers will receive this report through the mail.
- ? Agencies will receive the monthly VOU943 for December, but it will contain only the taxable expense transactions paid after December 13.
- ? The VOU943 reports should be used to confirm taxable amounts paid during December, and to identify any payments requiring W-2 corrections and Social Security/Medicare deficiency deductions.

PCM

CORRECTIONS

All corrections to excess amount payments on the PCM file must be made by 12/31/02, so that the amounts on the PCM010 can be reconciled with the excess amounts reported on the employees 2002 W-2.

Other corrections that agencies choose to make to the PCM file must be made by 1/03/03 to be reflected on adjusted year-end reports.

Questions ??

Direct Payroll or W-2 questions on this bulletin to Rowena Fuller at (518) 474-6223.

Direct other questions to the Accounting Information Center



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at AcctSys@osc.state.ny.us or (518) 473-1170.