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UNIFIED COURT SYSTEM
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TO: All Holders of the Financial Planning and Control Manual

NEW ACCOUNTING PROCEDURES

BULLETIN NUMBER: 256	November 21, 1997
SUBJECT: Year-End Travel Reimbursement Procedures - Calendar 1997	

Attached is a copy of OSC Accounting Bulletin A427 / P964 dated November 19, 1997. This bulletin describes the calendar year-end procedures applicable to employee travel reimbursements which are necessary to comply with IRS reporting requirements. Taxable 1997 reimbursements for UCS judges and nonjudicial personnel will generally be limited to any meal reimbursements associated with non-overnight (day) trips, although that portion of any travel reimbursement which exceeds established IRS maximums and is not supported by receipts is subject to withholding and W-2 reporting.

Taxable travel reimbursements paid between January 1, 1997 and December 12, 1997 will automatically be reflected on 1997 W-2's issued by the Office of the State Comptroller and appropriate amounts will already have been withheld therefrom. Taxable travel reimbursements made between December 13 and December 31, 1997 will appear as income on 1997 W-2's, but Federal and State income taxes will not have been withheld.

Year-End W-2 Adjustments / Corrections

UCS district/administrative offices responsible for the processing of travel reimbursements will receive a special VOU943, Listing of Taxable Travel Payments by Agency, on or about December 15, 1997. This listing will include all taxable travel reimbursements made between 1/1/97 and 12/12/97. As provided

in Part VI / Chapter 1.060.6 of the Financial Planning & Control Manual, this report must be verified to ensure the proper entry and recording of taxable reimbursement amounts for calendar 1997. Any IRS penalties levied for inaccurate or incomplete reporting will be assessed against the agency responsible. All necessary corrections to be reflected on 1997 W-2's must be received by the OSC Payroll Deduction Section no later than January 5, 1998.

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 controls relating to, travel reimbursements.

NYS UNIFIED COURT SYSTEM

FOR EPCM APPROVAL



William L. Clapham



Office of the State Comptroller

ACCOUNTING BULLETIN

Subject	Bulletin No.	Date
Year-End Procedures for Taxable Travel Reimbursements	A427/P964	11/19/97

INTRODUCTION This bulletin replaces Bulletin A396/920. It updates calendar year-end procedures relating to taxable travel reimbursements in order for the State to comply with IRS reporting requirements. Taxable travel reimbursements include Excess PCM Reimbursements, Excess Per Diem Payments, Non-Overnight Meal Allowances and payments to employees taxable under the IRS One-Year Rule.

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. The "excess amount" is the portion greater than the applicable Federal rate and not substantiated by receipts. The 1997 maximum rate allowed by IRS for PCM is 31.5 cents per mile. Appendixes C and D in the Travel Reimbursement Manual provide the current maximum Federal per diems for the continental US.

Non-Overnight Meal Allowances - The IRS requires employers to report and withhold income and employment taxes from meal allowances for non-overnight travel (day trips).

One-Year Rule - The 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.

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



Office of the State Comptroller

ACCOUNTING BULLETIN

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<p style="text-align: center;">Year-End Procedures for Taxable Travel Reimbursements</p>	<p style="text-align: center;">A427/P964</p>	<p style="text-align: center;">11/19/97</p>
<p>YEAR-END PROCESS</p> <p>- Payments December 1-12</p> <p>- Payments After December 12</p>	<p>Agencies may process travel vouchers including taxable travel reimbursements anytime throughout the year. The CAS will process year-end payments as follows.</p> <p>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 12, 1997. This transfer will include vouchers with taxable reimbursements paid from December 1 through December 12. These reimbursements will appear as taxable expense (TXE) on Administration payroll checks dated 12/24/97 and Institution payroll checks dated 12/31/97. Appropriate amounts will be withheld for these payments.</p> <p>Taxable travel reimbursements paid from December 13 through December 31 will be included as income on the employee's 1997 W-2, but Federal and State income taxes will not be withheld. A Social Security/Medicare tax deficiency will be deducted from the employee's paycheck in February, 1998 (unless the employee has already paid the maximum 1997 social security amount). Wage and tax reporting for 1998 will not be affected.</p>	
<p>PAYROLL/CAS REPORTS</p>	<p>Agencies will receive a taxable expense transaction listing with their salary registers.</p> <p>Agencies will receive a special VOU943, Listing of Taxable Employee Travel Payments by Agency, for the December 12, 1997 transfer. This report will print at agency printers. Agencies</p>	



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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 12.

The VOU943 reports should be used to confirm taxable amounts paid during the month. If OSC receives notification of a fine levied by IRS for inaccurate or incomplete reporting of taxable amounts, the fine will be charged to the responsible agency.

PCM CORRECTIONS

All corrections to excess amount payments on the PCM file must be made by 12/31/97, so that the amounts on the PCM010 can be reconciled with the excess amounts reported on the employee's 1997 W-2. Other corrections that agencies choose to make to the PCM file must be made by 1/09/98 to be reflected on adjusted year-end reports.

PAYROLL YEAR-END W-2 ADJUSTMENT PROCEDURE

In order for additions or adjustments to be included on W-2's for 1997, OSC must receive them by January 5, 1998 for Institution and Administrative payrolls. The agency payroll office should send a letter explaining all corrections to:

Office of the State Comptroller
Payroll Deduction Section
AESOB 8th Floor
Albany, NY 12236

Direct payroll questions on this bulletin to Eileen Cooper at (518)473-1989. Direct other questions to the Accounting Information Center at (518)473-1170.