SECTION:	V Expenditures	**EFFECTIVE DATE:**	January 1, 1996
SUB-SECTION:	10 - Employee Travel & Other Reimbursements	**REVISION DATE:**	July 1, 2012
SUBJECT:	Policy and Procedure	**PAGE:**	1 of 14

INTRODUCTION

Employees traveling in the performance of their assigned duties are eligible for reimbursement of travel expenses in accordance with established travel guidelines. State Statutes, the Uniform Travel Schedule Amounts (UTSA) established by the Department of Employment Relations, Union Contractual guidelines and interpretations of the guidelines determine the costs that are eligible for reimbursement. This section of the manual discusses the procedures to be followed in reimbursing travel expenses but does not cover the determination of what expenses are reimbursable. The topics covered in this section are as follows:

- POLICY
- SUMMARY OF TRAVEL PAYMENT GUIDELINES
- REIMBURSEMENT OF EMPLOYEE TRAVEL EXPENSES - AGENCIES ON CENTRAL PAYROLL
- Overview of the Reimbursement Process
- Summary of Effect of Travel Reimbursements on Deductions and Earnings
- Instructions for Processing a TL
- Timing of the Travel Reimbursement
- Offsetting Travel Advances Against Employee Travel Reimbursements
- Due To's and Due From's
- Corrections of Errors in Processing Travel Reimbursements
- Employees Payrolled in One Agency That Incur Travel Expenses For a Different Agency
- Reporting of Travel Reimbursements on Employee Check Stubs
- REIMBURSEMENT OF EMPLOYEE TRAVEL EXPENSES - AGENCIES NOT ON CENTRAL PAYROLL
- ISSUANCE OF EMPLOYEE TRAVEL ADVANCES
- PAYMENT OF NON-EMPLOYEE TRAVEL EXPENSES
- TREATMENT OF EDUCATIONAL ASSISTANCE AND MOVING EXPENSES
- LIST OF TAXABLE TRAVEL EXPENSES
- TL EXAMPLES

POLICY

The Internal Revenue Service (IRS) has notified the State of Wisconsin that reimbursements to employees of taxable travel expenses must be reported on a W-2. The IRS has also stated that the State as an employer must withhold federal income and employment (social security) taxes on employee taxable travel reimbursements. The Wisconsin Department of Revenue has instructed the State Controller's Office that it must withhold state income tax on reimbursements of taxable travel. To comply with these requirements the State of Wisconsin has determined that the most feasible means for withholding on these taxable payments is to reimburse all employee travel expenses through the Central Payroll System. Starting in January 1996 agencies on the Central Payroll System must process all reimbursements of employee travel expenses through the payroll system. Instructions on how to process these reimbursements are included in the remainder of this section of the State Accounting Manual.

SECTION:	V Expenditures	**EFFECTIVE DATE:**	January 1, 1996
SUB-SECTION:	10 - Employee Travel & Other Reimbursements	**REVISION DATE:**	July 1, 2012
SUBJECT:	Policy and Procedure	**PAGE:**	2 of 14

SUMMARY OF TRAVEL PAYMENT GUIDELINES

The following chart provides a brief summary of the methods for paying travel expenses for employees and non-employees. More detailed instructions follow on each of these situations.

Payment Situation	Agency Payroll Status	WiSMART Document for Processing
Employee Travel Expenses	Agency on Central Payroll	TL (to pay travel through Central Payroll)
Employee Travel Expenses	Agency **not** on Central Payroll	Agency determines method of reimbursement to comply with IRS requirements
Issuance of Employee Travel Advance	Procedures not effected by payroll status	P1
Offset of Travel Advance against travel reimbursement	Agency on Central Payroll	TL (to pay travel through Central Payroll)
Offset of Travel Advance against travel reimbursement	Agency **not** on Central Payroll	Agency determines method of offsetting the advance to properly account for the transaction on WiSMART
Non-Employee Travel Expenses	Procedures not effected by payroll status	P1

REIMBURSEMENT OF EMPLOYEE TRAVEL EXPENSES - AGENCY ON CENTRAL PAYROLL

This section discusses the procedures to be followed by agencies that are on the Central Payroll System. This is the majority of the state agencies but does not include the UW system nor does it include most of the legislative agencies. These procedures also assume that the agency is entering transactions directly into WiSMART. Agencies using the interface process (DOT, DILHR, DHSS and DOC) may have internal procedures that differ from the following instructions, however ultimately the same results should be achieved.

Overview of the Reimbursement Process

An overview of the process for reimbursing employee travel expenses is as follows:

- Employee travels on official business.
- Employee completes Travel Expense Report (TER) form. This form is similar to the form used by employees in the past.
- TER is submitted for normal review, coding and approvals.
- The TER is processed as a TL document with the required balance sheet accounts to establish liabilities for taxable (5080) and nontaxable (5090) travel. The employee social security number (with a "Z" in the tenth digit) must be entered on the lines for these balance sheet accounts. These accounts and the social security number are

SECTION:	V Expenditures	**EFFECTIVE DATE:**	January 1, 1996
SUB-SECTION:	10 - Employee Travel & Other Reimbursements	**REVISION DATE:**	July 1, 2012
SUBJECT:	Policy and Procedure	**PAGE:**	3 of 14

required to ensure proper handling in the payroll system. The TL will not produce a check. The payroll system produces the check.

- The TL when approved by the agency will process overnight and post to the WiSMART general ledger.
- When payroll is processed, a program (that is part of the Central Payroll processing) will select transactions in the general ledger with the required balance sheet accounts and TL document type. This program will match the associated social security number to the payroll records. Failure to match a social security number to the payroll system will result in the identification of a record that will require agency action to correct.
- The Payroll system will add the amounts in the taxable and nontaxable liability accounts to the appropriate payroll fields. The payroll system will calculate the amount of taxes to be withheld on taxable travel but will not withhold any taxes for the nontaxable travel. The employees paycheck will be increased by the amount of taxable and nontaxable travel less any withholdings on the taxable travel. The payroll system will create the necessary payroll entries for clearing the balance sheet account entries (5080 and 5090) created on the TL transaction.
- The payroll check-stub will identify taxable travel reimbursement amounts in the Pay Adjustment box and nontaxable in the space under the Def. Comp. box.
- The employee will receive their wage payments plus travel in the normal manner in which payroll is paid.

For a typical travel reimbursement the only differences between the new process and the old is that the agency processes a TL instead of a P1 and has to add the liability account lines. Additionally the employee is paid for travel expenses through payroll instead of on a separate check.

Summary of Effect of Travel Reimbursements on Deductions and Earnings

The following chart identifies the impact of the travel reimbursements on different deductions and earnings.

Deduction or Earning	Taxable Travel Reimbursement	Nontaxable Travel Reimbursement
Federal Income Tax Deductions	Subject to this deduction	Not subject to this deduction
State Income Tax Deductions	Subject to this deduction	Not subject to this deduction
FICA Deduction	Subject to this deduction	Not subject to this deduction
Medicare Deduction	Subject to this deduction	Not subject to this deduction
Child Support	Included as earnings in calculating the withholding for child support	Not included as earnings to calculate the withholding for child support
Garnishment	Not included to calculate the withholding for garnishments	Not included to calculate the withholding for garnishments
Retirement Earnings	Not included as earnings	Not included as earnings

SECTION:	V Expenditures	**EFFECTIVE DATE:**	January 1, 1996
SUB-SECTION:	10 - Employee Travel & Other Reimbursements	**REVISION DATE:**	July 1, 2012
SUBJECT:	Policy and Procedure	**PAGE:**	4 of 14

Instructions for Processing a TL

A TL is a modified JV document. Most of the procedures for processing a JV will also apply to the TL. However it is very important that the proper liability accounts and social security number be used on a TL transaction. Without the social security number and the proper balance sheet codes the payroll system will not reimburse the employee for their travel expenses. Additionally, only one employee travel reimbursement can be processed on each TL. Procedures to process a TL are as follows:

1. Assign a document ID to the TL based on the agencies numbering convention.
2. Complete the header of the TL in the same manner as a JV.
3. Enter account type 22's to record the actual travel expenses. The coding for the object codes, appropriation unit, fund, agency, organization, activity etc. to recognize the travel expenses should be the same on the TL as it would be on a P1.
4. Use account type 02 to set up the taxable and nontaxable travel liabilities. These are balance sheet accounts 5080 and 5090 respectively. The fund and agency coding for these lines must agree with the coding that is generated by the payroll system for the employee. If the employees payroll coding is not known it can be obtained by anyone with WiSMART access by entering the CICSFP3 region, entering your LOGONID and password and entering PACT on the screen where you normally enter GFS1. The payroll table that is accessed has information on the accounting code for each employee. Additionally appropriation unit "967B" must be used for these balance sheet transactions. The total recorded in these liability accounts should agree with the total of the travel expenses coded to the object codes. The amount coded to account 5080 will be identified in the payroll system as taxable and withholdings will be taken on this amount.
5. In the "CODE" field a "V" must be entered for each of the balance sheet lines to indicate that the next number is a vendor number.
6. In the field following the "V" the employee social security number (employee number) must be entered. A "Z" must appear as the tenth character of the employee number. If it is not entered the system will automatically enter the "Z" in this location. If the V and employee number are not entered in these fields when required an error message will be generated. It is not necessary to enter the employee name because the system will pull this information from the vendor table based on the employee number entered. If the employee is not on the vendor table the TL will not process. **It is not acceptable to use a miscellaneous vendor number** because although the TL will process in WiSMART the payroll system will not know which employee to pay and the traveler will not be reimbursed for his/her travel expenses. See Example 1 for a normal travel reimbursement.
7. To ensure that the employee is reimbursed for travel expenses, balance sheet accounts 5080 and 5090, the appropriation unit 967B and the employees social security number must be used for processing the TL. Since the payroll system only produces balance sheet entries at the appropriation level the lines on the TL to create these liabilities should only contain the following: account type (02),fund, agency, appropriation unit 967B, the balance sheet account (5080 or 5090), a "V", the employee number, and the amount. See the examples.
8. The TL should be approved and scheduled in the same manner as a P1. The security for processing a TL and the number of approvals required to process are the same as a P1.
9. Only one employee travel reimbursement can be processed on each TL document.

SECTION:	V Expenditures	**EFFECTIVE DATE:**	January 1, 1996
SUB-SECTION:	10 - Employee Travel & Other Reimbursements	**REVISION DATE:**	July 1, 2012
SUBJECT:	Policy and Procedure	**PAGE:**	5 of 14

See Exhibit A for a summary of this information.

Timing of the Travel Reimbursement

The Thursday paycheck will include reimbursements for travel expenses for TL transactions that were processed and accepted through Tuesday night of the preceding week. For example, if the TL is processed and accepted between Wednesday March 16, 2011 and Tuesday March 29, 2011 the employee's paycheck on Thursday April 7, 2011 will include the travel reimbursement reflected on the TL.

Offsetting Travel Advances Against Employee Travel Reimbursements

If an employee received a travel advance and has submitted a TER to account for the advance the agency has three options to account for the expenses and liquidate the advance.

1. The agency can request that the employee write a personal check to the agency to repay all of the advance. The check would be processed as a CR and coded as a credit to the travel advance balance sheet account that was created when the advance was issued. The agency would then process a TL to pay the employee for all eligible travel expenses.
2. The agency can offset the amount of the advance that is less than or equal to the travel expenses on the same TL transaction used to pay the employee for their travel expenses. Any excess advance can be repaid by the employee on a personal check or the agency can offset the remainder of the advance on the next TER.
3. The agency can offset all of the advance, even if it exceeds the travel expenses, on the TL transaction. If the advance exceeds the travel expenses the excess advance will be deducted from the employee's wages on their paycheck.

If the processing of travel and offsetting of the advance will occur after the employee's payroll termination date then option 1 or 2 above must be used to obtain repayment of the advance. To offset the advance on the TL transaction (options 2 or 3) the following procedures should be used in addition to coding the travel expenses on the TL.

1. In order for the payroll system to recognize that an advance should be deducted during the processing of the travel expense reimbursement the TL transaction must reclassify the advance to an account recognizable by the payroll system. This account is the balance sheet account 3619 Travel Advance - Payroll Offset. Therefore, a debit to the 3619 balance sheet account and appropriation unit 967B for the amount of the advance to be deducted should be entered. The fund and agency used on this line should agree with the payroll system.
2. The offsetting credit line would be to the coding (entire string) used for the original issuance of the travel advance. This would in most cases be balance sheet account 3615 but could also be account 3610. The employee number must be coded on the 3610, 3615 and 3619 lines. See the examples for the entries to be used when travel advances are involved.

    The following is a summary of the string to be entered in the TL related to the Travel Advance - Payroll Offset line (3619).

Field	Code to be Entered

SECTION:	V Expenditures	EFFECTIVE DATE:	January 1, 1996
SUB-SECTION:	10 - Employee Travel & Other Reimbursements	REVISION DATE:	July 1, 2012
SUBJECT:	Policy and Procedure	PAGE:	6 of 14

Account Type	01
Fund	Same fund as identified on employees payroll record.
Agency	Same agency as identified on employees payroll record.
Organization & Sub. Org.	Nothing should be entered in these fields
Appropriation Unit	967B
Activity	Nothing should be entered in this field.
Obj. & Sub Obj.	Nothing should be entered in these fields.
Balance Sheet Account	3619
Project No.	Nothing should be entered in this field.
Reporting Category	Nothing should be entered in this field.
Code	V, the Employee Social Security number and a "Z".
Employee Name	This will be defaulted by the system based on SS #.
Debit Amount	Amount of advance to be deducted on the payroll system.
Credit Amount	Nothing since the entry is to recognize the existence of an advance to be deducted from payroll.

3. As long as there are sufficient wages and travel to be paid, the payroll system will reduce the payment in the payroll system by the amount of the advance. If the processing of the advance as a deduction from wages and travel would result in a negative check the payroll system will not deduct the advance. If this happens a report will be produced to notify the agency that the advance is still outstanding and the agency should take the necessary steps to collect the advance from the employee.

Due To's and Due From's

In some instances the processing of the TL transaction will effect different statutory funds. This can happen if any of the following situations occur:

o Employee travel is charged to more than one fund.
o The employee is payrolled out of multiple funds.
o Travel is charged to a fund different than where the employee is payrolled.

Any of these situations could result in one fund disbursing cash for more than its share of the expenses. If this happens "due to's" and "due from's" must be established. The TL forces the creation of a "due to" or "due from" in these situations because the transaction will not process without an equal amount of debits and credits in each fund. These "due to's" and "due from's" are balance sheet accounts 5300 and 3750 respectively.

For example, if an employee's travel is charged to fund 211 but he/she is payrolled in fund 100 a "due to" and "due from" is required. Attempting to process the TL without the "due to" and "due from" will result in an unbalanced entry and an error message will be produced in the TL document. The "due to's" and "due from's" are easy to calculate because if the other entries in the document are correctly recorded then the amounts needed to balance the debits and credits

SECTION:	V Expenditures	**EFFECTIVE DATE:**	January 1, 1996
SUB-SECTION:	10 - Employee Travel & Other Reimbursements	**REVISION DATE:**	July 1, 2012
SUBJECT:	Policy and Procedure	**PAGE:**	7 of 14

within each fund are the "due to's" and "due from's". The examples (example 3) include situations where "due to's" and "due from's" are needed.

Corrections of Errors in Processing Travel Reimbursements

The four basic types of errors that can occur once a TL has been entered and accepted by WiSMART are:

1. The coding of the expenditures was incorrect.
2. The TL did not result in a match in the payroll system.
3. The wrong employee social security number was entered on the TL resulting in reimbursing the incorrect employee.
4. The coding of the balance sheet accounts was incorrect and resulted in the wrong allocation of taxable and nontaxable travel. This results in the incorrect calculation of withholding in the payroll system.

o Incorrect Expenditure Coding.

Incorrect expenditure coding does not affect the reimbursement of the employee on the payroll system and can be corrected with a JR or JV document. A TL should not be used in this situation to correct the coding error.

o No match to the Payroll System.

The payroll system processing will generate a report that identifies TL transactions that did not result in a match within the payroll system. If the TL did not result in a match in the payroll system the reason for a lack of match must be identified in order to determine the steps to be taken to correct the problem. In most instances the first step in correcting the problem will be to process a TL that exactly reverses the entries from the original TL. The second step will depend on the reason for the lack of match. If an incorrect social security number was entered and the individual is on payroll then a new TL should be processed with the correct social security number. If the individual is an employee on payroll but their payroll record is in an agency different from the agency processing the travel then see the section "Employees Payrolled in One Agency That Incur Travel For a Different Agency" for the procedures to be followed. If the individual is not on payroll (not an employee) then a P1 should be processed to reimburse the individual for their travel expenses.

o Wrong Employee's Social Security Number was Entered.

If the wrong employee's social security number was entered then the wrong employee will be reimbursed for travel expenses. The first step in correcting this problem is to process a TL that exactly reverses the original TL (including the social security number). This should have the effect of adjusting the payroll record for the employee that was paid incorrectly for the travel. If the adjustment is made in a subsequent payperiod it will reduce this employee's wages by the amount of the overpayment and adjust the withholdings. The second step is to process a TL with the correct social security number to pay the employee that is entitled to travel expense reimbursement.

SECTION:	V Expenditures	**EFFECTIVE DATE:**	January 1, 1996
SUB-SECTION:	10 - Employee Travel & Other Reimbursements	**REVISION DATE:**	July 1, 2012
SUBJECT:	Policy and Procedure	**PAGE:**	8 of 14

o Incorrect Allocation of Taxable and Nontaxable Travel

In some instances the TL document will be processed with the wrong amounts coded to the taxable and nontaxable liability accounts. In these instances it is necessary to correct the payroll system. This correction is necessary to ensure that the proper amounts will be reported as taxable reimbursements to the employee and to ensure that withholdings have been calculated and deducted from the proper amounts. The correction is accomplished by processing a TL that transfers amounts between the taxable and nontaxable liability accounts (5080 and 5090). This entry will effect the payroll system by adjusting the taxable and nontaxable earnings types which will cause an adjustment in the withholdings but will not effect gross earnings. In order for corrections of this type to be properly handled in the payroll system there must also be wages or taxable travel equal to or greater than the amount of the adjustment. If there are no wages (or insufficient wages) or travel being processed in the same payroll as the correction the payroll system will not process the correction and an exception report will be produced. If this situation arises the agency payroll coordinator should contact Central Payroll for instructions.

Employees Payrolled in One Agency That Incur Travel Expenses For a Different Agency

Occasionally situations will arise where an employee is payrolled in one agency (payrolling agency) and they incur travel expenses for a different agency (receiving agency). If this occurs the agency that is directing the employees travel should be responsible for reviewing the TER. If the payrolling agency is directing the travel they should reimburse the employee through a TL and bill the receiving agency for any costs that can be billed to them. If the payrolling agency is not directing the travel then the following approach should be used to pay the employee and recognize the travel expenses in the appropriate agency. An example of this situation would be an agency interchange arrangement.

Options:

1. Establish a payroll record for the employee in the receiving agency that is responsible for paying the travel and have that agency process the TL to the employee. This is the preferred method.

2. Have the receiving agency process a P1 to the payrolling agency for the amount of the travel expenses and associated social security expenses. The payrolling agency would deposit the check in their accounts. The payrolling agency then processes a TL to reimburse the employee. The payrolling agency would need information on the amount of the travel and the breakdown between taxable and nontaxable travel. The debit coded on the TL would be to the same code used for the deposit of the check received from the other agency. Note the payrolling agency would be charged through the payroll system for social security tax expense on any taxable travel.

3. Consider whether a PV would work similar to the P1 in option 2. This option has not been tested to see if it works. Even if it works it would have the same problem as the P1 with the social security tax expense.

SECTION:	V Expenditures	**EFFECTIVE DATE:**	January 1, 1996
SUB-SECTION:	10 - Employee Travel & Other Reimbursements	**REVISION DATE:**	July 1, 2012
SUBJECT:	Policy and Procedure	**PAGE:**	9 of 14

Reporting of Travel Reimbursements on Employee Check Stub

The amount reimbursed for taxable travel would appear on the employees check stub in the "Pay Adjustment" field with an identifier of "/TLV". The amount reimbursed for nontaxable travel would appear in the space below the "Gross Pay" field. It would be preceded by the words "Non-tax Travel". Any travel advances that are offset against travel expenses would appear in the payroll deduction area with a code indicator of "T".

REIMBURSEMENT OF EMPLOYEE TRAVEL - AGENCY NOT ON CENTRAL PAYROLL

The University System and most of the Legislative agencies are not on the Central Payroll System. These agencies are responsible for complying with the IRS directives and determine how to properly withhold, report and account for taxable travel reimbursements for their employees. Additionally it is the responsibility of these agencies to determine how to handle the offsetting of travel advances against travel expenses.

ISSUANCE OF EMPLOYEE TRAVEL ADVANCE

The processing for issuance of travel advances has not changed and is not effected by whether or not the agency is on the Central Payroll System. Agencies should continue to use the WiSMART P1 document type for issuance of the travel advance. To ensure proper matching of the issuance of the advance with the repayment the vendor number on the P1 should include the "Z" code. The accounting for the return or liquidation of the travel advance for employees on Central Payroll is discussed in the section titled "Offsetting Travel Advances Against Employee Travel Reimbursements".

All travel advances must be coded to a balance sheet account. The payment voucher (P1) to the employee for the travel advance should be coded to balance sheet accounts 3610 or 3615 rather than an expenditure object code. Account 3610 is used for continuous advances and 3615 is used for occasional advances. Balance sheet account 3619 "Travel Advance - Payroll Offset" **must not** be used when an advance is being issued. This account is only used on the TL transaction to enable the payroll system to recognize that the employee has an advance that needs to be deducted from the combined paycheck and travel reimbursement. Either a clearing appropriation or the appropriation used to charge the travel expenses may be used in conjunction with the balance sheet account. It will be necessary however, to use the same appropriation and balance sheet code when accounting for the reclassifying of the travel advance as discussed in the section on offsetting the travel advance against employee travel reimbursements.

For interfacing agencies, the chart of accounts conversion routine can make an expenditure code a balance sheet code for the P1 transactions. Please check with the interface to ensure the object code you plan to use for travel advances translates to the 3610 or 3615 balance sheet accounts.

SECTION:	V Expenditures	**EFFECTIVE DATE:**	January 1, 1996
SUB-SECTION:	10 - Employee Travel & Other Reimbursements	**REVISION DATE:**	July 1, 2012
SUBJECT:	Policy and Procedure	**PAGE:**	10 of 14

In order to receive a travel advance, the employee must be set up on the Vendor Table (VEND) with a tenth digit of "Z". Use of the Miscellaneous vendor code is not appropriate for issuance of the travel advance. If the employee is not on the VEND table the TL cannot be properly processed to allow the payroll system to pay the travel expense.

PAYMENT OF NON-EMPLOYEE TRAVEL EXPENSES

Travel reimbursements for individuals that are not employees of the state are not subject to withholdings. Agencies should process P1 transactions to pay non-employees for their travel expenses. The use of a TL transaction is not appropriate because no matching record will be found in the payroll system and the individual will not be paid.

TREATMENT OF EDUCATIONAL ASSISTANCE AND MOVING EXPENSES

Educational Assistance Expenses

Reimbursements to employees or payments on behalf of employees for non-job related educational assistance programs are taxable to the employee unless they qualify for an exclusion from income. Historically, up to $5,250 in non-job related educational assistance program costs can be excluded from an employees wages each year. However, this exclusion periodically expires and is often retroactively reinstated by federal legislation. In past years each agency has been responsible for tracking and reporting on a supplemental W-2 those payments that do not qualify for the exclusion. Agencies should continue to track and issue the necessary W-2 for these costs. The Central Payroll system will not be used to track, withhold and report on educational assistance program costs. Any reimbursements of educational assistance program costs should be identified on the TL document as nontaxable reimbursements. Agencies will be notified of the status of the exclusion as SCO becomes aware of any changes.

SECTION:	V Expenditures	**EFFECTIVE DATE:**	January 1, 1996
SUB-SECTION:	10 - Employee Travel & Other Reimbursements	**REVISION DATE:**	July 1, 2012
SUBJECT:	Policy and Procedure	**PAGE:**	11 of 14

Moving Expenses

As the section titled LIST OF TAXABLE TRAVEL EXPENSES indicates, certain moving expenses are taxable income to an employee and subject to withholding of income and employment taxes if paid by the employer. The taxable amounts are reportable in Box 1 of the W-2. The nontaxable amounts are reportable in Box 12 of the W-2 and identified with a code "P".
For those agencies on the Central Payroll System, taxable moving reimbursements must be reimbursed on a TL document and withholdings will be calculated on these amounts by the payroll system. Nontaxable moving costs can, but are not required to, be paid through the payroll system. It is each agency's responsibility to maintain records on all the moving costs.

Agencies on the Central Payroll System should not prepare a supplemental W-2 because moving reimbursements will be reported by the Central Payroll System on the same W-2 as the employee's wages. The Central Payroll System will handle the W-2 reporting of the taxable reimbursements in Box 1 for all reimbursements processed on the TL documents. However, to comply with the requirement for reporting nontaxable reimbursements, agencies will be required to perform file maintenance to field 5580 in the payroll system, which was specifically established to report nontaxable moving reimbursements in Box 12. Additional instructions will be provided to explain how agencies should adjust this field.

Agencies not on the Central Payroll System are responsible for complying with the IRS requirements and determining how to withhold and report on moving expenses paid to or on behalf of their employees.

LIST OF TAXABLE TRAVEL EXPENSES

The following list includes those expenses that if reimbursed to the employee (or on behalf of the employee) are considered taxable. This list does not contain all possible reimbursements that might be considered taxable but includes the most common items.

Taxable Travel Reimbursements

1. Meals that are not preceded or followed by an overnight stay away from home.
2. Moving expenses that are not deductible are taxable. These include:
    a. The moving stipend (If the employee documents and provides receipts to support the items covered by the stipend **and** the expenses covered are considered as deductible moving expenses by the IRS then the portion of the stipend used for this purpose is not taxable to the employee).
    b. Temporary lodging associated with moves.
    c. The mileage reimbursement in excess of the IRS mileage rate for transportation from the old residence to the new residence. These rates are as follows: CY2010 $0.165, January 1, 2011 $0.19, July 1, 2011 $0.235 and January 1, 2012 $0.23.
    d. All moving costs are taxable if the 50 mile rule is not met. For moving expenses to be deductible the distance between the new job location and the old residence must be at least 50 miles farther than the distance between the old residence and the old job location. Even if the 50 mile rule is met the items in a. through c. above are still taxable. Note Wisconsin currently reimburses under a 35 mile rule so state guidelines may allow

SECTION:	V Expenditures	**EFFECTIVE DATE:**	January 1, 1996
SUB-SECTION:	10 - Employee Travel & Other Reimbursements	**REVISION DATE:**	July 1, 2012
SUBJECT:	Policy and Procedure	**PAGE:**	12 of 14

reimbursements of moving expenses in certain instances that are fully taxable under the IRS regulations.

TL EXAMPLES

The following examples are intended to provide agencies that will be processing TL transactions through WiSMART and ultimately through Central Payroll with information on how the entries would appear on the TL document. Only those lines that the agency will be entering on this document are included in these examples. The system will generate a default cash entry for each line on the TL document. The agency does not enter the cash entry.

Example 1.
  Assumptions:

  a. The employee has no travel advance.
  b. The employee is payrolled from the same fund (100) and agency (505) as the travel expenses.
  c. The employee has $100 in taxable travel and $400 in nontaxable travel.
  d. The travel expenses are $300 for in-state business (2100) and $200 for in-state conferences (2110).

The TL would be as follows.

Title	FD	AGY	ORG	APP	ACT	OBJ	B/S	PRJ	RPT	DR	CR
Travel - Employee In-State Business	100	505	2530	1394	A643	2100				$300	
Travel - Employee In-State Conference	100	505	2530	1394	A643	2110				$200	
Taxable Travel Payable	100	505		967B			5080				$100
Nontaxable Travel Payable	100	505		967B			5090				$400

The employees social security number with a tenth digit of "Z" must be entered in the TL document on each of the balance sheet lines 5080 and 5090.

The above entry will be processed into WiSMART. At some point after it has been processed the payroll program will check the general ledger and select the entries from the TL document associated with balance sheet accounts 5080 and 5090 and add them to different earnings types in the payroll system. The payroll system will withhold on the taxable travel, pay the employee and generate entries that will eliminate the liability accounts produced by the TL document.

Example 2.
  Assumptions:

  a. The employee has a $450 travel advance. The advance was issued from appropriation ENB and the org and activity were coded on the P1 that issued the advance.
  b. The employee is payrolled from the same fund (100) and agency (505) as the travel expenses.
  c. The employee has $140 in taxable travel and $360 in nontaxable travel.

SECTION: V Expenditures	**EFFECTIVE DATE:**	January 1, 1996
SUB-SECTION: 10 - Employee Travel & Other Reimbursements	**REVISION DATE:**	July 1, 2012
SUBJECT: Policy and Procedure	**PAGE:**	13 of 14

    d. The travel expenses are $350 for in-state business (2100) and $150 for in-state conferences (2110).

The TL would be as follows.

Title	FD	AGY	ORG	APP	ACT	OBJ	B/S	PRJ	RPT	DR	CR
Travel - Employee In-State Business	100	505	2530	1394	A643	2100				$350	
Travel - Employee In-State Conference	100	505	2530	1394	A643	2110				$150	
Taxable Travel Payable	100	505		967B			5080				$140
Nontaxable Travel Payable	100	505		967B			5090				$360
Travel Advance - Payroll Offset	100	505		967B			3619			$450	
Travel Advance - Occasional	100	505	2530	139B	A643		3615				$450

The employees social security number with a tenth digit of "Z" must be entered in the TL document on each of the balance sheet lines 3615, 3619, 5080 and 5090.

Example 3.
    Assumptions:

    a. The employee has a $600 travel advance. The advance was issued from appropriation 261B in fund 582 and the organization was coded on the P1 that issued the advance. The full amount of the advance will be offset against the travel expenses. This will result in deducting $100 of the advance from the employees wages.
    b. The employee is payrolled from three funds as follows 100 (5%), 582 (10%) and 583 (85%).
    c. The employee has $100 in taxable travel and $400 in nontaxable travel expenses.
    d. The travel expenses are charged 50% to fund 582 and 50% to 583 with $300 for in-state business (2100) and $200 for out-state conferences (2130).

The TL would be as follows.

Title	FD	AGY	ORG	APP	ACT	OBJ	B/S	PRJ	RPT	DR	CR
Travel - Employee In-State Business	582	485	3034	2614		2100				$150	
Travel - Employee In-State Business	583	485	3034	3634		2100				$150	
Travel - Employee Out-State Conf.	582	485	3034	2614		2130				$100	
Travel - Employee Out-State Conf.	583	485	3034	3634		2130				$100	
Taxable Travel Payable	100	485		967B			5080				$5
Taxable Travel Payable	582	485		967B			5080				$10
Taxable Travel Payable	583	485		967B			5080				$85
Nontaxable Travel Payable	100	485		967B			5090				$20
Nontaxable Travel Payable	582	485		967B			5090				$40
Nontaxable Travel Payable	583	485		967B			5090				$340
Travel Advance - Payroll Offset	100	485		967B			3619			$30	
Travel Advance - Payroll Offset	582	485		967B			3619			$60	
Travel Advance - Payroll Offset	583	485		967B			3619			$510	
Travel Advance - Occasional	582	485	3034	261B			3615				$600
Due From Other Funds	582	485		261B			3750			$340	
Due To Other Funds	583	485		363B			5300				$335
Due To Other Funds	100	485		120B			5300				$5

SECTION:	V Expenditures	EFFECTIVE DATE:	January 1, 1996
SUB-SECTION:	10 - Employee Travel & Other Reimbursements	REVISION DATE:	July 1, 2012
SUBJECT:	Policy and Procedure	PAGE:	14 of 14

The Taxable and Nontaxable Payable accounts and the Travel Advance - Payroll Offset accounts are split using the percentages that will be used to code the entries from the payroll system (5%, 10% and 85%). The Due To's and Due From's were those amounts needed to balance the entry on the TL document for each fund. For example fund 100 has $30 in debits and $25 in credits prior to the Due To entry. The $5 credit is needed to balance the debits and credits in fund 100. The employees social security number with the tenth digit of "Z" must be entered in the TL document on each line with balance sheet accounts 5080, 5090, 3619 and 3615. It is not required for accounts 3750 and 5300.

Example 4.
   Assumptions:

   a. A TL for Example 1 was processed and accepted by WiSMART. However, the agency discovers that the taxable travel should have been $150 instead of $100 and nontaxable travel should have been $350 instead of $400.
   b. The coding for the expenditures in Example 1. was correct.

The TL would be as follows.

Title	FD	AGY	ORG	APP	ACT	OBJ	B/S	PRJ	RPT	DR	CR
Nontaxable Travel Payable	100	505		967B			5090			$50	
Taxable Travel Payable	100	505		967B			5080				$50

The employees social security number with the tenth digit of "Z" must be included for both lines of this document. This transaction would be entered whether or not the original TL has been paid through the payroll system. Note, if the adjustment exceeds the wages and travel to be paid on this payroll then the correction will not process in the payroll system. See the section on "Incorrect Allocation of Taxable and Nontaxable Travel".

****

expend10

Exhibit A

Summary of TL Entries to Process a Travel Reimbursement.

The coding below is for the processing of a TL travel reimbursement. Column headings after the first column represent an accounting line. The items in the first column represent fields in the TL document. Some of the information below may be different if the purpose of the TL is to correct a previous error.

TL Field	Travel Expenses	Taxable Travel Liability	Nontaxable Travel Liability	Travel Advance Payroll Offset (3619)	Travel Advance (3610 or 3615)	Due To	Due From
Account Type	22	02	02	01	01	02	01
Fund	Agency determines	From payroll coding (A)	From payroll coding (A)	From payroll coding (A)	Same as coding on issuance of advance	Agency determines	Agency determines
Agency	Agency determines	From payroll coding (A)	From payroll coding (A)	From payroll coding (A)	Same as coding on issuance of advance	Agency determines	Agency determines
Organization & Sub. Org.	Agency determines	**No entry**	**No entry**	**No entry**	Same as coding on issuance of advance	Agency determines	Agency determines
Appropriation Unit	Agency determines	**9 67 B**	**9 67 B**	**9 67 B**	Same as coding on issuance of advance	Agency determines	Agency determines
Activity	Agency determines	**No entry**	**No entry**	**No entry**	Same as coding on issuance of advance	Agency determines	Agency determines
Function	Agency determines	**No entry**	**No entry**	**No entry**	Same as coding on issuance of advance	Agency determines	Agency determines
Obj & Sub Obj.	Agency determines-	No entry	No entry	No entry	No entry	No entry	No entry
Balance Sheet Account	No entry	**5080**	**5090**	**3619**	3610 or 3615. The code used when the advance was issued.	5300	3750
Project No.	Agency determines	**No entry**	**No entry**	**No entry**	Same as coding on issuance of advance	Agency determines	Agency determines
Reporting Category	Agency determines	**No entry**	**No entry**	**No entry**	Same as coding on issuance of advance	Agency determines	Agency determines
Code	No entry	V & Employee number & "Z"	V & Employee number & "Z"	V & Employee number & "Z"	V & Employee number & "Z"	No entry	No entry
Debit Amount	Agency determines	No Entry	No Entry	Amount of advance to be deducted from reimbursement.	No entry	No entry	Amount so fund debits & credits balance.
Credit Amount	Normally nothing	Amount of taxable travel	Amount of nontaxable travel	No entry	Amount of advance reclassified for deduction in payroll.	Amount so fund debits & credits balance.	No entry

(A) The agency enters the fund and agency codes that will be generated by the payroll system entries when the employee is paid. If the payroll system will generate more than one fund line because the employee is split funded in payroll then the TL should also have multiple lines to match the payroll.

7/3/2012