



Office of the State Comptroller
PAYROLL BULLETIN

Subject Year-End Procedures for Employee Business Expense Reimbursement	Bulletin No. P-788/A323
	Date November 3, 1993

INTRODUCTION

This bulletin replaces Bulletin A-295. It describes new calendar year-end procedures relating to Employee Business Expense Reimbursements (Excess PCM Reimbursements, Excess Per Diem Payments, Non-Overnight Travel Reimbursements) in order for the State to comply with IRS reporting requirements.

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 1993 maximum rate allowed by IRS for PCM is 28 cents per mile. Bulletin G81E/Sch F provides 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). Explanations of the rules can be found in Bulletins A245/P670 and A262/P700.

**NEW YEAR-END
PROCESS**

Agencies may process travel vouchers including payments for excess amounts or non-overnight meals anytime throughout the year. OSC is no longer restricting December payment of travel vouchers containing excess amounts.

**-Payments
December 1-10**

Taxable Expense data is transferred from the CAS to the Payroll System at month end, January through November. This year, a special transfer of taxable expense data from the CAS to the Payroll System will be run on December 10, 1993. This transfer will include vouchers with taxable expenses paid from December 1 through December 10. These taxable expenses will appear on Institution payroll checks dated 12/23/93 and Administration payroll checks dated 12/29/93.

**- Payments
After
December 10**

Taxable expenses on vouchers paid from December 11 through December 31 will be included as income on the employee's 1993 W-2, but Federal and State taxes will not be withheld. A Social Security/Medicare tax deficiency will be deducted from the employee's paycheck in January 1994 (unless the employee has already paid the maximum 1993 Social Security amount). 1994 wage and tax reporting will not be affected.

**PAYROLL/CAS
REPORTS**

Agencies will receive a taxable expense transaction listing with their salary registers.

Agencies will receive a special VOU943, Listing of Taxable Employee Travel Payments by Agency, for the December 10, 1993 transfer. This report 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 10.

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 12/31/93, so that the amounts on the PCM010 and PCM020 can be reconciled with the excess amounts reported on the employee's 1993 W-2. Other corrections not related to excess amounts must be made to the PCM file by 1/14/94.

**PAYROLL
YEAR-END
W-2 ADJUSTMENT
PROCEDURE**

In order for additions or adjustments to be included in W-2's for 1993, OSC must receive them by January 5, 1994 for Institution payrolls and by January 12, 1994 for Administrative payrolls. The payroll office should send a letter explaining all corrections to:

Office of the State Comptroller
Payroll Deduction Section - 8th Floor
Alfred E. Smith State Office Building
Albany, New York 12236

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