

CSO - Employee Business Expenses Updated for April 2025

It is critical that we all work together to maintain the status of our “accountable plan.”

IRS information is from IRS Publication 463 Travel, Entertainment, Gift and Car Expenses

CTA reimburses employee business expenses under an **Accountable Plan per IRS regulations**. A plan is an Accountable Plan only if certain conditions are satisfied. When Accountable Plan rules are met, CTA does not include any business expense reimbursement as part of the employees' income nor are those expense reimbursements subject to Social Security, Medicare or income tax. Longstanding CTA policies, contractual agreements put in place over the years, and the Norman Brand arbitration decision in October 2024 regarding CSO grievance 2023-07 provide guidelines on how we handle employee business expense reporting. With an aim of providing guidance for consistent implementation of business expense policies, please see the updated guidance below. No exceptions should be made without consultation with the Associate Executive Director/Controller-Business Division and the Manager-DHRM.

General reminder: In addition to amount, date and time, all reported business expenses need to include place, description and business purpose. Managers will make, in dialogue with the employee, assessment of whether items included in employee expense reports are reasonably necessary for the performance of the employee's assignments.

GUIDANCE

1) Meals: Covered under CSO Article 15.3 Meals (15.301, 15.302)

Employees need to adhere to the reporting requirements under an IRS Accountable Plan. Detail needs to be included in the expense report sufficient to answer questions such as 1) where; 2) when; 3) why; 4) how much; 5) who else.

- a) **Business Meals:** Per the IRS, these are meals that are consumed where substantial business discussion is taking place with business associates (i.e. business-related). The employee must be present with the business associate(s) during the furnishing of the food or beverages. **Article 15.302** states “An employee may occasionally pay for meals of CTA members/potential members when engaged in CTA business. Any such guests shall be listed by the employee on the expense statement and the purpose of the event indicated. Normally, an employee shall not be reimbursed for a meal purchased for another employee.”
- b) **Travel Meals:** When traveling for business purposes for meals taken alone. **Article 15.3** states, “The employee shall be reimbursed for meals purchased when required to travel away from the employee's regular office on Association business” (emphasis added). The IRS considers you to be in “travel status” if your duties require you to be away from the general area of your tax home substantially longer than an ordinary day's work and you need to sleep or rest (in most cases this involves an overnight stay) to meet the demands of your work while away from your tax home. For business expenses, the IRS considers the staff person's regular assigned office as the “tax home” and it includes the entire city or general geographic area in which your business or work is located. You cannot receive reimbursement for the cost of meals eaten alone within your tax home.

Keep in mind. . .

when creating/submitting expenses, it is our members' dues dollars we are spending.