



Research Experiences for Undergrad: TSOP 5.03

Accountable Plan & International Groups: FIN-ACC-I-620

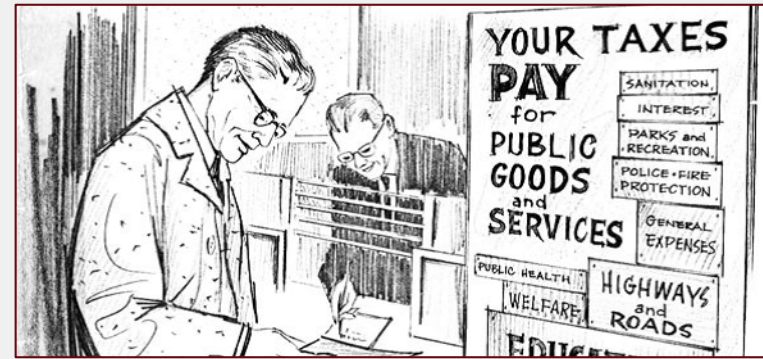


“The hardest thing
in the world to
understand is the
income tax.” –
Albert Einstein

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Susan Norrell

Manager, University Tax Services
Financial Management Services



Take Away

1. REUs

- How to pay IU students
- How to pay non-IU students

2. Accountable Plan usage for Visiting International Groups

- Recognize when payment situations have tax consequences under the Accountable Plan rules
- Locate and use the available resources created to assist departments with payments under the Accountable Plan



REU payments

There are **two kinds of REU** experiences:

1. Supplements to grants that support 1 or 2 students.
2. REU Sites which are based on an independent proposal to conduct projects that engage a number of students in research. REU Sites may be based in a single discipline or academic department or may offer interdisciplinary or multi-departmental research opportunities with a coherent, intellectual theme. The areas of study typically include mathematics, physics, chemistry, geology, biology, psychology, and informatics.

For NSF funded grants, undergraduate student participants in either REU Sites or REU Supplements must be U.S. citizens, U.S. nationals, or permanent residents of the United States

Payment Guidance can be found at [TSOP 5.03](#)





What is an Accountable Plan?

- IRS term for expense reimbursements
- Must follow **3** major rules:
 1. Expenses **MUST** have a business connection
 2. Expenses **MUST** be substantiated within a reasonable time period (60 days)
 3. Advances in excess of expenses incurred must be returned within 60 days
- Alternative is “Non-accountable Plan” and taxable to recipient on W-2 or 1099 or 1042S



When are payments taxable?

- When the expense is **NOT** an IU business- related expense
- **Non-taxable expenses should be:**
 - Necessary
 - Appropriate to the activity
 - Reasonable in amount
 - Serve a bona fide university purpose
 - **Primary benefit is to IU**



Accountable Plan - Resources

1. See [IU Policy FIN-ACC-I-620](#)
2. See Tax Standard Operating Procedure [TSOP 9.02](#) on the FMS Tax Website
3. See Tax Standard Operating Procedure [TSOP 5.03](#) on the FMS Tax Website
4. Email University Tax Services with questions: taxpayer@iu.edu

