

ACCOUNTS PAYABLE UPDATES

IMMEDIATE CHANGES TO CURRENT PROCESSES

International Travel:

When faculty and staff are traveling internationally, the University is subject to many different IRS tax regulations. Per IRS Publication 463, if an employee's travel to an international location meets the following criteria, the transportation costs (e.g. airfare) and other costs may be considered taxable compensation:

- The travel, regardless of length, is mainly for personal reasons
- The time spent outside of the US exceeds one week (one week is defined as 7 consecutive days – do not count the day you leave the US but do count the day you return to the US), **AND**
- The total time spent on non-business activities is more than 25% of the total time that you spent outside the United States (for this purpose you may count both the day the trip began and the day it ended)

If a component of the travel is research, a daily itinerary of the research must be provided with the documentation submitted to Accounts Payable. We realize that this may be cumbersome for some travelers and we are exploring ways to assist them in providing documentation that meets IRS guidelines. Taxability will be assessed using the documentation submitted to Accounts Payable, so please inform your international travelers of this new procedure.

Because of the complexity of these IRS regulations and the nuances of each international travel event, the implementation of this regulation will be challenging for both Accounts Payable and the university community. In order to avoid surprises, we strongly suggest contacting Accounts Payable regarding all upcoming international travel so that we are able to assist you in determining taxability prior to the trip.

Employee versus Independent Contractor Process:

The Internal Revenue Service partnered with the Department of Labor to issue a revision to existing regulations surrounding the classification of an individual being an employee or independent contractor. The regulations introduced new criteria and gave new weight to existing criteria in the determination process. Updates to the previous criteria are outlined below:

- Payments from the University should be a minimal portion of the individual's overall income.
- New weight has been given to the type of resources the University provides the individual.
- New weight has been given to the frequency and type of payments made to the individual.

In order to comply with the revised regulations, Accounts Payable, in partnership with Payroll and Human Resources, has started reviewing service related payments for type, frequency and total dollar amount paid within a calendar year. You may have noticed an increase in requests for the Employee vs. Independent Contractor checklist. We are appreciative of your patience as we work through this new process.

Receiving Thresholds:

Currently, a receipt or return is not required for purchase orders totaling \$250 or less. Beginning January 9, 2017, the receipt threshold will increase to \$500 or less.

Unless your department requires receiving to be completed for purchase orders totaling \$500 or less, a receipt or return will not be required for invoice processing. Please ask your department's Business or Financial Administrator if you have questions regarding your areas individual procedures relating to receiving.

Receiving Errors:

When an end-user makes a keying error or selects an incorrect receipt type in Deacon Depot, common practice has been to use the return feature to correct the error. However, we now have a better way to account for receiving errors. The end-user can put a negative amount in the receipt field versus selecting a return. This improvement will allow us better visibility into actual vendor credits owed to the University.

Update to Non-Allowable Expenses-Flowers:

There have been several questions regarding the allowability of flowers sent to faculty and staff. We are in the process of updating the Non-Allowable Schedule in each AP procedure, as well as the Gifts, Prizes and Awards Procedure. The new non-allowable expense excerpt will read:

Flowers, except in the case of:

- The death of a faculty or staff member, or a member of their immediate family.
 - Immediate family is considered to be a parent; spouse; child or grandchild, including step or adopted child or grandchild; sibling, including step or half-sibling; step-parent; grandparent, father-in-law; mother-in-law; or qualified domestic partner.
- The hospitalization of a faculty or staff member, or a member of their immediate family for a period exceeding 24 hours.
 - Flowers must be sent to the hospital and not a home address.

This additional language has been officially approved and the related procedure document will be updated and posted to the Financial Services website.