Employee Business Expenses

BTX – Reference

(For business expenses entered directly in SEMA4)

To enter expenses correctly in SEMA4, agency staff need to pay attention to the:

- Individual expense dates on the expense report.
- Date the employee submitted the expense report to the supervisor.

The question to answer is, “Did the employee actually submit the expense report to the supervisor on time?”

To determine whether the expenses have been submitted late or on time, simply subtract 60 calendar days from the date the employee submitted the expense report to the supervisor.

Below are Common Scenarios and a BTX 60 Day Worksheet to assist staff with entering expenses in SEMA4. For more information, also see the bulletin, 2022 March 10 - Business Expense Tax Implications: Agency Responsibilities.

### Common Scenarios

1. **The employee submits the expenses AFTER the 60-day period has been exceeded (“late”).**

2. **The employee submits the expenses within 60 days but they are entered in SEMA4 “late.”**

3. **The employee submits expenses; some are “late” and some are within 60 days.**

### Scenario 1:

Employee submits an expense report to the supervisor on **June 13, 2022**, with expense dates from March 23, 2022 – April 1, 2022.

**June 13, 2022** – 60 days = **April 14, 2022**.

According to the IRS rule, any expenses on the report that are dated **prior** to April 14, 2022, must be taxed when reimbursed.

In this scenario, all of the expenses exceed 60 days and **should be taxed**.

When you enter the expenses in SEMA4, the system will compare the Trip End Date (April 1, 2022) with the date you enter the expenses (**June 14, 2022**) and will create a BTX row with the correct amount to be taxed.
Scenario 2:

Employee submits an expense report to the supervisor on January 9, 2022, with expense dates from January 4, 2022 – January 8, 2022.


According to the IRS rule, any expenses on the report that are dated prior to November 10, 2021, must be taxed. None of the expenses are prior to that date. Therefore, there should be no BTX row.

However, the supervisor loses track of the expense report and doesn’t bring it to you for entry until June 12, 2022. When you enter the expenses in SEMA4, the system will compare the Trip End Date (January 8, 2022) with the date you enter the expenses (on or after June 12, 2022) and will create a BTX row with a taxable amount because it thinks all of the expenses exceed 60 days.

You must override the system-calculated BTX amount because you know the employee submitted the expense report within 60 days. Here’s how:

1. On the BTX row, delete the value in the Amount field.
2. For documentation purposes, enter the date that the employee submitted the expense report to the supervisor (January 9, 2022) in the Submitted on field.
3. Save/Validate. The expense group will be processed with no tax impact.
**Scenario 3:**

Employee submits an expense report to the supervisor on July 31, 2022, with expense dates from April 1, 2022 – July 20, 2022. The supervisor brings it to you for entry on August 3, 2022.

July 31, 2022 – 60 days = June 1, 2022.

According to the IRS rule, any expenses on the report that are dated prior to June 1, 2022, must be taxed.

Keep in mind that SEMA4 processes based on the Trip End Date of July 20 and the fact that you are entering expenses on August 3. When the dates are compared, **SEMA4 processes as if there are no taxable expenses on the expense report due to the July 20 Trip End Date.**

In order to ensure that these expenses are taxed correctly, you must split the expenses into two expense groups. Here’s how:

1. Create an expense group for the expenses that exceed the 60-day period. The Start Date will reflect the date of the first expense on the expense report. The End Date will reflect the date prior to June 1, 2022 (the first date of the 60-day period).
   - Start Date = April 1, 2022.
   - End Date = May 31, 2022.

   When you enter the expenses in SEMA4, the system will compare the Trip End Date (May 31, 2022) with the date you enter the expenses (on or after July 31, 2022) and will create a BTX row with the correct amount to be taxed.

2. Create a second expense group for the expenses within the 60-day period. The Start Date will reflect the first date of the 60-day period and the End Date will reflect the date of the last expense on the report.
   - Start Date = June 1, 2022.
   - End Date = July 20, 2022.

   According to the IRS rule, any expenses on the report that are dated on or after June 1 should not be taxed. When you enter the expenses in SEMA4, this expense group will be processed with no tax impact.
### BTX 60 Day Worksheet

For each Expense group ID, use the tables below:

#### Table 1: Enter Expense Report Dates

<table>
<thead>
<tr>
<th>Trip Start Date</th>
<th>Trip End Date</th>
<th>Date Expense Report to Supervisor</th>
<th>Date Expense Report to Supervisor minus 60 calendar days</th>
<th>Date of Entry in SEMA4</th>
<th>Date of Entry in SEMA4 minus 60 calendar days</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>B</td>
<td>C</td>
<td>D</td>
<td>E</td>
<td>F</td>
</tr>
</tbody>
</table>

#### Table 2: Determine BTX Expenses

<table>
<thead>
<tr>
<th>Are two expense groups needed?</th>
<th>Are there system-calculated BTX Expenses?</th>
<th>Is the system-calculated BTX amount correct?</th>
<th>Corrected BTX amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>No - Continue</td>
<td>No – Stop</td>
<td>Yes – Stop</td>
<td>No – Continue</td>
</tr>
<tr>
<td>Yes – Stop - enter late and on-time expenses in separate expense groups</td>
<td>Yes - Continue</td>
<td>Yes – Stop</td>
<td>Yes - Continue</td>
</tr>
</tbody>
</table>

If system-calculated BTX amount is not correct, enter corrected BTX amount here.