

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 actually 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, [2016 March 17 - Business Expense Tax Implications: Agency Responsibilities](#).

Common Scenarios

1. [The employee submits the expenses “late.”](#)
2. [The employee submits the expenses “on time,” but they are entered in SEMA4 “late.”](#)
3. [The employee submits expenses; some are “late” and some are “on time.”](#)

Scenario 1:

Employee submits an expense report to the supervisor on June 13, 2015 with expense dates from March 23, 2015 – April 1, 2015.

June 13, 2015 – 60 days = April 14, 2015

According to the IRS rule, any expenses on the report that are dated **prior** to April 14, 2015 must be taxed when reimbursed.

In this scenario, **all** of the expenses are “late” and **should be taxed**.

When you enter the expenses in SEMA4, the system will compare the Trip End Date (April 1, 2015) with the date you enter the expenses (June 14, 2015), 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, 2016 with expense dates from January 4, 2016 – January 8, 2016.

January 9, 2016 – 60 days = November 10, 2015

According to the IRS rule, any expenses on the report that are dated **prior** to November 10, 2015 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, 2016. When you enter the expenses in SEMA4, the system will compare the Trip End Date (January 8, 2016) with the date you enter the expenses (on or after June 12, 2016) and will create a BTX row with a taxable amount because it thinks all of the expenses are "late."

You must override the system-calculated BTX amount because you know the employee submitted the expense report on time. 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, 2016) 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 May 31, 2016 with expense dates from February 1, 2016 – May 20, 2016. The supervisor brings it to you for entry on June 3, 2016.

May 31, 2016 – 60 days = April 1, 2016

According to the IRS rule, any expenses on the report that are dated **prior** to April 1, 2016 must be taxed.

Keep in mind that SEMA4 processes based on the Trip End Date of May 20 and the fact that you are entering expenses on June 3. When the dates are compared, **SEMA4 processes as if there are no taxable expenses on the expense report due to the May 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 "late" expenses. The Start Date will reflect the date of the first expense on the expense report. The End Date will reflect the date prior to April 1, 2016 (the "on-time" date).
 - Start Date = February 1, 2016
 - End Date = March 31, 2016

When you enter the expenses in SEMA4, the system will compare the Trip End Date (March 31, 2016) with the date you enter the expenses (on or after May 31, 2016), and will create a BTX row with the correct amount to be taxed.

2. Create a second expense group for the "on-time" expenses. The Start Date will reflect the "on-time" date and the End Date will reflect the date of the last expense on the report.
 - Start Date = April 1, 2016
 - End Date = May 20, 2016

According to the IRS rule, any expenses on the report that are dated **on or after** April 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

Expense group ID:

Table 1: Enter Expense Report Dates

Trip Start Date	Trip End Date	Date Expense Report to Supervisor	Date Expense Report to Supervisor minus 60 calendar days	Date of Entry in SEMA4	Date of Entry in SEMA4 minus 60 calendar days
A	B	C	D	E	F

Table 2: Determine BTX Expenses

Are two expense groups needed? ----- Is A earlier than D? AND Is B later than D?	Are there system-calculated BTX Expenses? ----- Is B earlier than F?	Is the system-calculated BTX amount correct? ----- Is B earlier than D?	Corrected BTX amount
No - Continue Yes – Stop - enter late and on-time expenses in separate expense groups	No – Stop Yes - Continue	Yes – Stop No – Continue	