

PRO Unlimited has a dedicated staff to handle your business expense needs. This guide was developed to assist you with completing your expense report. It also describes the various types of expense methods, processing deadlines and categories needed to expedite your expense reimbursement.

If you have expense related questions, please feel free to contact the Payroll Customer Service Department at: (800) 558-8729 – Option #1 for expense questions M – F 8:00am – 5:00pm PST.

Accountable Expense Plan:

- o PRO manages its expense reimbursements according to IRS regulations. An expense reimbursement must meet the following conditions in order to be reimbursed as accountable, or, non-taxable income:
 - **Business Connection-** Expenses were incurred in connection with the performance of services as an employee of the employer
 - **Substantiation-** The employee must substantiate his or her business expenses by providing PRO with evidence of the amount, time, place, and business purpose of the expenses within a reasonable period of time after they are paid or incurred.
- o PRO uses an expense report generated by WAND, accompanied by receipts, showing the amounts of each expense (other than tips and other small incidental amounts). Individual expenses over \$25 (plus all lodging expenses) must be supported by receipts or other documentary evidence.

Non-Accountable Expense Plan:

- o Expense reimbursements submitted may be considered and processed as non-accountable, or **taxable income**, if:
 - Receipt shows date of expense to be **greater than 30 days** old from date of expense incurrence;
 - Manager approved expenses in excess of \$25.00 are not supported by appropriate receipts and / or expense documentation
 - The submitted expense does not qualify as an accountable plan reimbursement (see page 5);
- o The total amount of expenses submitted for reimbursement, if non-accountable, will be considered supplemental taxable income, and will be taxed with the mandatory statutory and supplemental tax rates, and will be reported in Boxes 1, 3 and 5 on Form W2.

Timeline for Processing Expenses:

- o All expenses are to be submitted **within 30 days** of the date of the actual expense incurrence.
 - Dates: Use the actual receipt date for purposes of entering the expense on the expense report or into WAND.** All receipt dates must match your entries.
- o Expenses incurred and submitted **within 30** days will be verified according to PRO guidelines and processed within 10 business days after receipt by PRO.
- o When submitting your expense report in WAND, please be sure that all scanned and attached original receipts are clearly legible and show all required information.
- o Expenses are verified and released for client manager approval on a weekly basis.
- o The deadline for expense reports received by the PRO is Monday – 5:00pm PST. All expense reports received between Tuesday and Monday will be reviewed and verified according to PRO guidelines.
- o Released expenses are then forced into WAND timecards by the WAND auto script every Sunday, at midnight. Expense timecards are processed for payment **only after the client manager has approved it**.
- o During the verification process, if an expense has an issue that cannot be easily corrected by PRO, (i.e. missing receipts, incorrect entries) then those expenses will be returned to the employee for further research. All expenses with issues are communicated to the On-site team and the employee for resolution within 10 days of receipt. Expense issues are then followed up with the On-site team and employee on a weekly basis, until resolved.
- o To expedite processing, please ensure that the expenses submitted are well documented and organized. Scanned should be clearly legible with all required information. All entries must be itemized within the appropriate category. Descriptions and Purpose fields must be well documented (Who, What, When, Where, Why). International expenses must be converted to US dollars (see Currency Exchange section-page 2). Keep **a copy of all receipts and records**.

*** **For travel fare, enter the expense under the final date traveled; for lodging, enter the expense under the final date of stay.**

Receipts / Proof of Payment:

- o All scanned receipts must be of the original receipts that you received. The receipt must show proof of payment and a summary or description of the purchase or sale. We strongly recommend that copies of each receipt and WAND expense report are kept for your records.
- o Travel Itineraries and Credit Card Statements alone are not valid receipts. Attach the actual receipt or invoice from the company/organization providing the service along with proof of payment. Invoices that do not show proof of payment will not be processed. E-Tickets must include original boarding pass and proof of purchase.
- o All expense items and receipts are to be itemized and entered under the proper categories. Items should not be combined. For example: when submitting hotel bills including lodging and meals, dollar amounts should be broken out and entered into corresponding categories (Lodging and Meals).
- o Detailed notes are required when entering expenses (i.e. Business Purpose, Date, Category, and Amount in US Dollars). To avoid delays in processing, please review and double check all entries to ensure they are complete, detailed, accurate and dollar amounts match the receipts.
- o PRO will not reimburse expenses that include multiple persons.
- o All meal/entertainment expenditures must be clearly documented in the Description and Purpose fields, with detailed explanations to include: Who, What, When, Where, and Why.

Currency Exchange:

For detailed currency conversion instructions, please refer to the [PRO International Travel Conversion Guide](#). All receipts must be entered into WAND as US dollars. Foreign receipts must be converted into US dollars. Please use www.OANDA.com for all currency conversions. The conversion must be done using the exact date the expense occurred (date on receipt). When entering a foreign expense into WAND, add the type of foreign currency used under the description field. Print out the OANDA conversion page for each receipt and attach it to the WAND expense report with the original receipts. Write the converted US dollar amount on each receipt that is attached. If your credit card statement includes currency conversions, then the OANDA sheets may be forgone. In this case, your credit card statement may be submitted along with your original receipts and WAND expense report.

Expense Types & Categories

Automobile Expenses

Gas

- o Expenses for gas to fill rental car during rental or to refill tank prior to return of rental car.
- o Individual receipts are required on all gas expenses.
- o On your personal vehicle, gas is covered under "Mileage" and will not be reimbursed if mileage is being claimed.

Mileage

- o Mileage is reimbursed at the current IRS standard rate (unless contractually different) and is subject to change (For 2014 the standard mileage rate is \$.56 per mile).
- o Individual receipts are not necessary for mileage reimbursements; however detailed notes in the Description and Purpose fields are required for reimbursement. Purpose section must be a minimum of a five (5) word description.

Example: This is an example of what a mileage entry would look like in WAND.

The screenshot displays the 'Submission List' interface in the WAND system. It features a table with columns for Date/Day, Category, Description, Purpose, Amount, Rcpt, and Aprvd. A single entry is shown for 01/01/2014, categorized as 'Auto Mileage'. The description includes 'Mileage: 75', 'From: Anaheim, CA', 'Destination: San Diego, CA', and '2nd Destination:'. The purpose is 'Training on new software version for 2014.' The amount is 'Pay: 42.00'. There are checkboxes for 'Rcpt' and 'Aprvd'. A 'Remove' link is present. At the bottom right, there are summary totals: 'Total Receipt Amount: \$ 0.00' and 'Total Pay Amount: \$ 42.00', along with 'Add New', 'Cancel', and 'Save' buttons.

Date/Day	Category	Description	Purpose	Amount	Rcpt	Aprvd
01/01/2014	Auto Mileage	Mileage: 75 From: Anaheim, CA Destination: San Diego, CA 2nd Destination:	Training on new software version for 2014.	Pay: 42.00	<input type="checkbox"/>	<input type="checkbox"/>

Total Receipt Amount: \$ 0.00
Total Pay Amount: \$ 42.00
Add New
Cancel Save

Automobile Expenses *continued*:

Auto Rental

- o It is mandatory that PRO Unlimited employees **accept** the standard insurance from the car rental company. Standard insurance is often referred to as LDW (Loss Damage Waiver) or CDW (Collision Damage Waiver).
- o Car rental is to be entered under the day the vehicle was returned and paid for.
- o Receipt must include proof of payment.
- o Automobiles should be rented only when public transportation, including taxis, airport shuttles, and bus services are impractical, more expensive, or not available, and only when traveling out of town.
- o Due to high drop off fees, rental cars must be returned to the rental location from which they were rented, unless an airfare exceeds the drop-off fee plus any other costs of rental car operation.
- o The pre-paid refueling option offered by the rental agency is not reimbursable.
- o Rental cars must be refueled PRIOR to returning the vehicle to the car rental agency.

Automobile Expenses Summary

<u>(Reimbursable)</u>	<u>(Non-Reimbursable)</u>
<ul style="list-style-type: none">o Refueling gas tank prior to car rental return.o Car Rental fees, tolls, parking with original receipts.o Business miles traveled.o Standard (LDW or CDW) rental insurance for all car rentals.o Global positioning systems (GPS) expenses (if needed)	<ul style="list-style-type: none">o Parking violations, traffic violations, fines or citation.o Extra Optional car insuranceo Sightseeing, tours, etc.o Gas for personal vehicleo Commute expenses; travel to / from home and normal work locationo Personal usage of a company vehicleo Any additional insurance above LDW / CDW purchased from a rental car agency/

Lodging

- o Hotel bills are to be separated into weekly entries. If the dates of lodging fall within same work week (Monday – Sunday) and are all on one itemized bill, lodging and taxes may be input as one entry.
- o Lodging entries only include the hotel room and taxes.
- o All other charges (i.e. meals, parking, phone calls, internet fees, etc.) need to be itemized and entered into the corresponding categories.
- o Submit actual itemized hotel bill showing proof of payment. Credit card statement alone is not a legitimate lodging receipt.

Examples of Non-Reimbursable Lodging Expenses:

- o In-room movies or games
- o Additional charges for upgrades, poolside rooms or special floors (unless due to documented physical needs and / or limitations)
- o Health club, fitness club, spa fees
- o Baby sitting or animal sitting fees
- o Barber, hairstylist, manicurist, shoeshine services
- o Laundry and valet service for trips shorter than 5 nights in duration
- o No-show, cancellation hotel reservation charges
- o Personal articles – clothing, jewelry, cosmetics, toiletries, magazines, etc.
- o Spouse / companion costs
- o Theft or stolen items
- o In-room safe

Meals & Entertainment:

- o Reasonable meal expenses incurred while traveling on business will be reimbursed based on actual expenditures.
- o All meals need to be itemized on a daily basis by receipt.
- o Original receipts are required for all individual meal expenses over \$25.
- o Include the following information in the Description field: restaurant name and/or place where food expense occurred.
- o Meals with others should be classified as Entertainment and needs to include the following information in the Description and Purpose fields: date, persons entertained, from what company, place entertained, business discussed and purpose (who, what, when, where, why).
- o Grocery **food** items should also be included in this category.
- o Lavish or extravagant meals will not be reimbursed and will be verified for accuracy.

Meals & Entertainment *continued*:

- o Taking turns paying for meals or entertainment: If a group of business acquaintances take turns paying for each others meals or entertainment checks, without regard to whether any business purposes are served, no member of the group can be reimbursed for any part of the expense. (Examples: meeting for drinks after work, birthday parties, baby showers, holiday parties, etc).
- o Non-business related meals amongst co-workers are not an allowable business expense.

Incidental Expenses:

- o Fees and tips given to porters, baggage carriers, bellhops, hotel maids, stewards and stewardesses and others on shops, and hotel servants in foreign countries.
- o Generally incidental costs are paid in cash, however you must always try to obtain a receipt whenever possible. If you do not have a receipt, the total daily allowance for incidentals is \$25.00 per day.
- o Transportation between places of lodging or business and places where meals are taken, if suitable meals cannot be obtained at the temporary duty site.
- o Mailing costs associated with filing travel vouchers and payment of employer-sponsored charge card billings.

*Incidental expenses **do not** include:*

- o Laundry *
- o Cleaning and pressing of clothes *
- o Lodging Taxes
- o Telegrams and telephone calls

* When travel is less than 5 consecutive days

Communications: (Telephone / Internet / Modem)

- o The entire detailed bill, showing all charges, must accompany the WAND expense report.
- o All personal phone bills must be noted to indicate all business related calls and/or charges on the bill.
- o All hotel charges for telephone, faxes, and Internet connections should be broken out by the work week (Monday-Sunday) and entered in under the other category.
- o Air-phone charges unless specifically pre-approved by your manager are not reimbursable.
- o If you have a bundled communication package please contact the payroll department for specific entry procedures, as this has not yet become prevalent and we address it on a case-by-case basis.
- o You must enter your phone charges separately from your internet charges in WAND even if it is listed on the same bill as a bundled service.

Travel Tickets (Taxi / Airfare / Train / Bus / Ferry / Transportation)

- o Original boarding pass, ticket or passenger receipt is required and should include type/method of payment.
- o Dates of travel expenses are to be entered as the day that the trip was completed (if round trip).
- o Separate entries are to be made per each ticket payment transaction.
- o E-Tickets must show proof of purchase/payment information. Boarding passes are to be retained and submitted with the travel ticket information.
- o Cancelled tickets will not be reimbursed, without proper substantiation and prior pre-approval.
- o Toll charges are reimbursable. Submit with a receipt.

The following is a partial list of expenses that do not qualify per the IRS regulations as a non-taxable expense:

- o Capital expenses (These must be purchased by the client in all cases).
 - Office equipment, etc...
 - Software/Hardware, etc...
 - Any client specific supplies that will remain with the client after the assignment has ended.
- o Personal items such as luggage, clothing, calculators, toiletries, newspapers, reading materials, etc.
- o Airline lounge clubs
- o Office plants, artwork, wall fixtures, lamps, or similar personal property
- o Personal entertainment, golf or other sport fees including greens or court fees, equipment, tickets, etc., except when part of business entertainment
- o Credit card travel award fees
- o Gift Cards that are cash value (American Express Cards)
- o Insurance premiums, health premiums or other benefits.
- o Magazines and subscriptions for personal use
- o Commuting mileage (from home to main place of work)
- o Air-phone charges unless specifically approved by your manager
- o Unexplained expenses
- o Credit card fees
- o Finance charges
- o Late fees
- o Interest charges
- o ATM and Bank fees
- o Alcohol purchases made without a meal
- o Expenses related to vacation or personal days while on business travel
- o Country Club Dues
- o Loss of unrecoverable airline tickets, traveler's checks, cash advances, etc.
- o Spouse / companion travel costs
- o No show or cancellation fees
- o Theft / Stolen personal items
- o Damage or repairs to personal car / vehicle.
- o In-room movies or games
- o Additional charges for upgrades, poolside rooms or special floors
- o Health club, fitness club, spa fees for workers
- o Baby sitting or animal sitting fees for workers
- o Barber, hairstylist, manicurist, shoeshine services
- o Laundry and valet service for trips shorter than 5 nights in duration

Important: Please retain a copy of all receipts submitted for your expenses

PRO CONTRACTOR EXPENSE REPORT GUIDE

This Expense Report Guide reflects PRO's general expense guidelines and procedures; however, they may be changed or rescinded at any time, without advance notice or approval.

PLEASE ACKNOWLEDGE RECEIPT OF THE PRO CONTRACTOR EXPENSE REPORT GUIDELINES BY SIGNING BELOW AND RETURNING TO YOUR PRO REPRESENTATIVE.

I hereby acknowledge receipt and understand that I am responsible for reading and abiding by its contents.

Name (Please Print)

Client Site

Signature

Date