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| Regulations of the University of North Texas System | Chapter 8 Fiscal Management |
| 08.3000 Social Organization Membership Reimbursement | |

08.3001 **Regulation Statement.** UNT System and its Institutions allow for memberships in Social Organizations that will promote the advancement of education and research and facilitate favorable community relations. Employees may be reimbursed for expenses related to Social Organization memberships to the extent the Social Organization membership has been approved and expenses are incurred while conducting System or Institution business. This regulation describes when an employee will be reimbursed for business expenses incurred related to a Social Organization membership.

08.3002 **Application of Regulation.** This regulation applies to all employees of the UNT System and its Institutions.

08.3003 **Definitions.**

1. **Accountable Plan.** A reimbursement arrangement whereby amounts paid to an employee are excluded from an employee's gross income, are not reported as Compensation on Form W-2, and are exempt from income tax withholding.
2. **Annual Charges.** Automatic fees charged on an annual or regular, but not monthly, basis. These may include surcharges which are paid regardless of how often the employee uses Social Organization facilities. Examples of Annual Charges may include employee holiday funds, annual locker fees, and annual driving range fees. Annual Charges exclude fees that result from non-use of the facility, such as food minimums.
3. **Compensation.** All reimbursements, income, and benefits that are treated as taxable income to the employee and are reported on the employee's Form W-2, and are subject to income tax withholding and the payment of employment taxes.
4. **Dues.** Automatic fees charged on a monthly basis. These may include surcharges that are paid regardless of how often the employee uses Social Organization facilities, such as automatic monthly locker or pool fees. Dues exclude fees that result from non-use of the facility, such as food minimums.

5. Fully Substantiated Business Expense. Expense that employee demonstrates is deductible from income as a business expense with information sufficient to satisfy the Internal Revenue Service substantiation requirements of an Accountable Plan.
6. Institutional Membership. A Social Organization membership held in the name of the UNT System or one of its Institutions that may not be used by an employee for personal purposes.
7. Nonaccountable Plan. A reimbursement arrangement whereby amounts paid to an employee are treated as Compensation.
8. One-time Membership Initiation and Transfer Fees. Fees charged to obtain membership in a Social Organization. Includes fees associated with transferring membership.
9. Partially Substantiated Business Expense. Expense that would satisfy the requirements of a Fully Substantiated Business Expense except the occupation or other information relating to the guest, including the name, title, and/or employer of the guest sufficient to establish the business relationship to the UNT System or its Institutions, is described in general terms rather than with the specificity required to satisfy the Internal Revenue Service substantiation requirements of an Accountable Plan. An example would be to describe a guest as a “university executive” instead of “Ms. X, Provost of Y.”
10. Personal Expense. Expense incurred for personal use of Social Organization, including food minimum charges.
11. Social Organization. Any group, organization, or club organized primarily for business, pleasure, recreation, or other social purposes including country clubs, dining clubs, golf or athletic clubs.
12. Unsubstantiated Business Expense. Any business expense which is neither a Fully Substantiated Business Expense nor a Partially Substantiated Business Expense.

08.3004

Procedures and Responsibilities.

1. UNT System will administer an Accountable Plan and a Nonaccountable Plan and the Business Service Center will develop instructions (“Social Organization Reimbursement Instructions”) for the purpose of reimbursing employees for Fully Substantiated Business Expenses and Partially Substantiated Business Expenses.

Responsible Party: UNT System Business Service Center

2. Social Organization memberships must be pre-approved to be included in either the Accountable Plan or the Nonaccountable Plan and eligible for employee reimbursement. Approval must be in writing in the format prescribed by the UNT System Business Services Center. Membership in a Social Organization shall be approved only if it is determined that the primary use of the membership will be to conduct official System or Institution business and that the organization does not engage in discriminatory policies or practices. Institutional Memberships rather than individual memberships shall be obtained whenever possible. The Chairman of the UNT System Board of Regents is responsible for approving membership(s) for the Chancellor. The Chancellor is responsible for approving memberships for Presidents of Institutions and for employees of UNT System Administration. The President of each Institution is responsible for approving memberships for employees of that Institution. Memberships will be reviewed annually by the Chairman, Chancellor and Presidents and discontinued if no longer necessary to promote education, research or community relations.

Responsible Party: Chairman of the Board of Regents, Chancellor, Presidents

3. UNT System Business Service Center will create a Social Organization reimbursement form ("Reimbursement Form") for employees to use in tracking and reporting all expenses related to Social Organization membership and use.

Responsible Party: UNT System Business Service Center

4. With the exception of One-Time Membership Initiation and Transfer Fees, the employee will pay all fees directly to the Social Organization and seek reimbursement for Fully Substantiated Business Expenses and Partially Substantiated Business Expenses. The Reimbursement Form must be submitted monthly in accordance with UNT System Business Service Center Social Club Reimbursement Instructions. The employee must include all receipts for expenses related to business conducted at the Social Organization and the Social Organization's monthly statement of Dues and fees. The employee's supervisor shall approve the reimbursement request prior to submission to the Business Service Center.

Responsible Party: Employee

5. Reimbursement will be calculated and made as follows:

- a. Business Expenses – The employee will be reimbursed for all Fully Substantiated Business Expenses under the Accountable Plan. The employee will be reimbursed for all Partially Substantiated Business Expenses under the Nonaccountable Plan, with such reimbursements treated as Compensation to the employee. To be considered for reimbursement as a Fully Substantiated Business Expense or a Partially Substantiated Business Expense, an expense must be substantiated within 60 days of being incurred. Unsubstantiated Business Expenses will not be reimbursed.
- b. Dues – Only the portion of Dues allocable to Fully Substantiated Business Expenses will be reimbursed. To determine what portion of Dues will be reimbursed as allocable to Fully Substantiated Business Expenses, the Dues amount is multiplied by the number of days in the month in which there are Fully Substantiated Business Expenses for use of the Social Organization, divided by the total number of days the Social Organization was used during the month regardless of whether an expense was incurred. If the organization is not used during a month, the entire Dues for such month will be considered to be a Personal Expense. If Dues are assessed on other than a monthly basis (*e.g.*, quarterly), a corresponding period of usage will be used to calculate the Dues portion that is allocable to Fully Substantiated Business Expenses. The portion of Dues that qualify as allocable to Fully Substantiated Business Expenses will be reimbursed to the employee as a nontaxable working condition fringe benefit.
- c. Annual Charges – Only the portion of Annual Charges allocable to Fully Substantiated Business Expenses will be reimbursed. The UNT Business Service Center will retain the Reimbursement Forms submitted throughout the year and will use the Reimbursement Forms to compute the number of days used for Fully Substantiated Business Expenses during the year and the total days of usage during the year. The portion of Annual Charges that qualify as allocable to Fully Substantiated Business Expenses will be reimbursed to the employee as a nontaxable working condition fringe benefit.
- d. Personal Expense – Personal Expenses will not be reimbursed.

- e. One-Time Membership Initiation and Transfer Fees – One-Time Membership Initiation and Transfer Fees will be paid directly to the Social Organization. Unless the membership is an Institutional Membership, these expenditures will be treated as Compensation to the employee. To offset additional tax liability to the employee as a result of such payment, the employee will be paid a gross-up payment (which also will be reported as Compensation) in accordance with UNT System Business Service Center Accountable Plan Instructions.

Responsible Party: Chairman of the Board of Regents, Chancellor, Presidents, UNT System Business Service Center

References and Cross-references:

Treas. Reg. § 1.132-5; Treas. Reg. § 1.62-2

Forms and Tools:

UNT System Social Organization Membership Reimbursement Form

Approved: November 30, 2012
Effective: January 1, 2013
Revised: