

Sample Board Resolution for Accountable Plan

A template for S-Corp owners to formally adopt an
accountable expense reimbursement plan

BOARD RESOLUTION

WRITTEN CONSENT OF THE BOARD OF DIRECTORS OF [COMPANY NAME] IN LIEU OF A SPECIAL MEETING

[DATE]

In accordance with the General Corporation Law of the State of [STATE] and the Bylaws of [COMPANY NAME] (the "Corporation"), the undersigned, being all the directors of the Corporation, hereby take the following actions and adopt the following resolutions by unanimous written consent without a formal meeting:

Adoption of Accountable Expense Reimbursement Plan

WHEREAS, the Corporation's Board of Directors wishes to adopt an "accountable plan" for reimbursing employee-shareholders for ordinary and necessary business expenses they incur, in accordance with Internal Revenue Code ("IRC") §62(a)(2)(A) and Treasury Regulations §1.62-2; and

WHEREAS, an accountable plan allows for such reimbursements to be excluded from the employee's gross income and exempt from withholding and payment of employment taxes; and

WHEREAS, to qualify as an accountable plan, the reimbursement arrangement must meet three core requirements: (1) the expenditures must have a business connection, (2) the employee must provide adequate substantiation of the expenses to the Corporation, and (3) the employee must return any excess reimbursement or allowance to the Corporation in a timely manner.

NOW, THEREFORE, BE IT RESOLVED, that the Corporation hereby adopts an Accountable Expense Reimbursement Plan (the "Plan") effective as of [EFFECTIVE DATE], under the following terms and conditions:

- 1. Business Connection.** All reimbursements under this Plan shall be for bona fide, ordinary, and necessary expenses incurred by an employee in connection with their services to the Corporation.
- 2. Substantiation.** Employees must substantiate all expenses to be reimbursed by providing the Corporation with documentary evidence of the amount, time, place, and business purpose of each expense. This substantiation must be submitted to [NAME/TITLE OF RESPONSIBLE PERSON, e.g., the Treasurer] no less frequently than monthly, and in no event later than sixty (60) days after the expense is paid or incurred.
- 3. Return of Excess Reimbursement.** Any advance or reimbursement that exceeds the substantiated expenses must be returned to the Corporation by the employee within one hundred twenty (120) days

4. **Non-Accountable Treatment.** Any reimbursement or advance for which an employee does not provide adequate and timely substantiation, or for which any excess is not timely returned, will be treated as compensation to the employee, subject to all applicable income and employment tax withholding.

RESOLVED FURTHER, that the officers of the Corporation are authorized and directed to take all necessary actions to implement and administer the Accountable Expense Reimbursement Plan in accordance with this resolution.

This written consent may be executed in counterparts and shall be filed with the minutes of the proceedings of the Board of Directors.

IN WITNESS WHEREOF, the undersigned have executed this Written Consent as of the date first written above.

[DIRECTOR NAME 1], Director

[DIRECTOR NAME 2], Director

[DIRECTOR NAME 3], Director