The Accountable Plan

The Strategy in 60 Seconds

Your business can reimburse you with zero payroll tax and zero income tax, and still deduct every dollar. Here's exactly how the accountable plan works, in sixty seconds.

IN WRITING

Signed by employer and employee, adopted in your company records

An accountable plan has 3 tests

- **Business connection - The expense exists because of the business**
- **Substantiation - Receipt, date, amount, purpose, business nexus**
- **Return of excess - Any overpayment goes back to the company**

Out-of-pocket costs you may be skipping

- Home office share
- Cell phone
- Internet & cloud storage
- Personal vehicle miles
- Tools, monitors, software
- Training & courses

PAID PERSONALLY, REIMBURSED WITH PROOF

The Law Behind It (primary sources)

Verify against the source before relying. This is education, not legal or tax advice.

26 U.S.C. Sec. 62(a)(2)(A) - Reimbursed expenses under an accountable plan are excluded from the employee's income.

https://www.law.cornell.edu/uscode/text/26/62

26 CFR Sec. 1.62-2 - The accountable-plan rules: business connection, substantiation, and returning excess.

https://www.law.cornell.edu/cfr/text/26/1.62-2