

CALTRANS TRAVEL TIP 2003-12
TAXATION OF TRAVEL ADVANCES
(November 20, 2003)

This note has been approved by Cindy McKim, Chief of the Division of Accounting, to be sent to All Caltrans E-Mail Users by the Travel Policy Section. The Caltrans Travel Tip is intended to communicate the Department's travel policies quickly and efficiently to all Caltrans employees.

The Internal Revenue Service considers temporary travel advances not cleared within a reasonable period of time to be taxable income to the employee. The Department defines a reasonable period of time to be 90 days.

As a result, effective **January 1, 2004**, all travel advance balances not cleared within **90 days** will be reported to the State Controller's Office as taxable income to the employee.

Per the State Administrative Manual, employees are required to clear all travel advances within 30 calendar days. Employees should submit travel expense claims (TECs) and/or personal checks or money orders payable to the Department of Transportation to clear advances.

Travel advances are for meals, incidentals and lodging expenses when traveling on State business. All managers and supervisors approving travel advance requests are required to monitor their employees' use of travel advances and ensure that TECs and/or personal checks or money orders are submitted within the required time-frame.

We understand that this IRS requirement may cause concern. As a result, employees may consider the following alternative. In lieu of requesting travel advances, employees may apply for the American Express Corporate Card. The card can be used to efficiently manage business travel expenses and guarantees the State rate for hotels, airline tickets, and rental cars.

Cardholders are responsible for all expenses charged to their account and are required to submit TECs for reimbursement of business travel expenses. To apply, fax the completed application to Nancy Ledesma at (916) 227-8662.

Managers and supervisors are responsible for providing this information to their employees without a Lotus Notes account.

For more information on clearing travel advances or the American Express Corporate Card, please visit Chapter 2 of the Caltrans Travel and Expense Guide at

http://onramp.dot.ca.gov/hq/accounting/travel/tg/travel_advance.htm located on the Division of Accounting web-site.

If you have questions or require additional information, please contact Kathy Greenwood at (916) 227-9272 CALNET 498-9272 or Kathy Sheets at (916) 227-5580 CALNET 498-5580.

For individuals with sensory disabilities, documents may be obtained in alternative formats. To obtain such services, please e-mail Gilbert Petrissans or Nancy Ledesma. TTY users may also call (711) or 1-800-735-2929.

Happy Travels.



Cal T. Rans

Your Partner in Travel