Expense Reimbursement Policy

Policy · US · Updated 2026-07-23 · Square brackets are placeholders to replace with your own details.

An expense reimbursement policy is the written rulebook for spending money on your organization's behalf and getting it back — what can be claimed, the limits that apply, the evidence required, and how claims are submitted, approved, and paid. It replaces case-by-case haggling with one set of rules everyone can see.

Without one, expenses become a fairness problem and a tax problem at once: the confident over-claim, the conscientious under-claim, and reimbursements drift into a gray zone where the IRS may treat them as taxable wages. A clear policy protects staff from being out of pocket and protects the business from creeping, unchecked spend.

This template is built around the IRS accountable plan concept — the framework that keeps legitimate reimbursements out of employees' taxable wages — and covers claimable and non-claimable costs, receipts and substantiation, mileage, the claims procedure, and the checks that keep the system honest.

Purpose and scope

This policy sets out what [Your company] will reimburse, the limits and evidence required, and how to claim. It applies to all employees and, where agreed in writing, to contractors incurring costs on our behalf.

The principle throughout: we reimburse reasonable costs people genuinely incur doing their job. Nobody should profit from expenses, and nobody should be left out of pocket. This policy is not a contract of employment and does not alter the at-will employment relationship between [Your company] and its employees.

Policy statement — how the accountable plan works

[Your company] reimburses business expenses under accountable plan rules: every claim needs a business connection, an itemized receipt or equivalent record submitted within [number] days, and — where an advance was paid — the unspent balance returned within [number] days. Reimbursements that meet these rules are not treated as wages; anything that cannot meet them is either declined or processed through payroll as taxable pay.

Anything outside these rules needs written approval from [senior role] before the cost is incurred, not after.

Responsibilities

- Claimants: spend as if it were your own money, keep itemized receipts, and submit accurate claims on time.
- Approving managers: check every claim line against this policy before approving — approval is a control, not a formality.
- Finance ([name/role]): pays approved claims in the [weekly/monthly] run, queries anomalies, and flags repeated violations.

- Policy owner ([name/role]): keeps the limits current against actual spend and current IRS guidance, and approves exceptions in writing.

What you can claim

- Travel: [coach/economy] fares booked in advance where possible; rideshares or taxis where public transit is impractical or unsafe.
- Mileage: the current IRS standard mileage rate for approved business trips in your own vehicle — commuting between home and your regular workplace is not claimable.
- Lodging: up to [amount] per night, booked through [system/person] where possible.
- Meals when traveling overnight or working beyond normal hours: up to [amount] per meal with an itemized receipt.
- Other costs — parking, tolls, professional memberships, small equipment — with your manager's approval in advance.

What we do not reimburse

- Alcohol, except within a client entertainment budget approved in advance.
- Traffic or parking tickets, fees from missed bookings, or other costs arising from your own error.
- Personal items, upgrades, or costs for family members traveling with you.
- Anything without an itemized receipt, unless [finance role] agrees an exception in writing — card statements alone do not show what was bought, and the accountable plan runs on substantiation.

How to submit a claim

1. Enter your claim in [system/form] within [number] days of incurring the cost, one line per receipt.
2. Attach the itemized receipt for every line — a clear photograph or the original — and note the business purpose ("client visit, [customer]", not "travel").
3. Code each line to [project/department/cost code] so finance can allocate it.
4. Send the claim to your manager for approval. Nobody approves their own claim, whatever their seniority — the owner's claims are approved by [named person].
5. Approved claims received by [day] are paid in [the next payroll / that week's payment run] to your usual bank account.
6. If you were paid an advance, return any unspent balance within [number] days of the trip — unreturned advances are treated as taxable wages under IRS rules.

Gifts, entertainment and client hospitality

Entertaining clients and accepting hospitality can create corruption risk as well as cost. Entertainment above [amount] per head needs advance approval from [senior role], and anything offered to or received from a government official — at any value, US or foreign — needs advance approval and an entry in the [gifts and hospitality register]. The full rules are in our anti-bribery policy; where the two documents differ, that policy governs.

Checks, records and review

Finance spot-checks [number or percentage] of claims each [period] against receipts and calendars. Claims and receipts are retained for [period] to meet tax record-keeping expectations — your accountant can confirm the right retention for your situation. A deliberately dishonest claim is treated as a serious violation under the [progressive discipline policy], up to and including termination.

The limits in this policy are reviewed [frequency, e.g. annually] against actual spend, current IRS rates, and any state reimbursement requirements. Owner: [name/role]. Next review: [date].

How to use this template

1. Set the money limits last — pull three months of real claims first so the caps reflect what your people actually spend.
2. Check the current IRS standard mileage rate and accountable plan guidance before filling in any figure, and diary a re-check each year.
3. Check whether your state requires reimbursement of necessary business expenses — several do, and remote workers can put you in more than one state's rules.
4. Name the claims system and the payment day precisely — most expenses friction is really about when people get paid back.
5. Decide who approves whose claims, including who approves the owner's, and write it in.
6. Brief managers that approval means checking each line, and show them what to look for.

Official guidance

- IRS — About Publication 463 (Travel, Gift, and Car Expenses)
- IRS — Standard mileage rates
- DOL — Wage and Hour Division