

## Accountable Plan

Amounts paid under an accountable plan are not wages and are not subject to income tax withholding or payment of Social Security, Medicare and Federal Unemployment (FUTA) taxes. Please carefully review and abide by the following rules to setting up your business' Accountable Plan. There are three available options for you. You may use one, two or all three options.

### **1. Standard Mileage Plan:**

- a . Make sure that you log only miles driven for business purposes
- b . Make sure that you substantiate your miles properly. You must include the date, business purpose and total miles on your mileage log
- c . The Standard mileage rate issued by the IRS is changed regularly. Be sure that you only reimburse yourself for the amount of miles drive multiplied by the standard mileage rate.
- d . The check must be written out of your corporate account no less frequently than monthly. Make the check payable to the corporate employee who has substantiated the miles and mark 'Accountable Plan Mileage' on the check memo and as a category on your bookkeeping program.

### **2. Health Insurance Deduction:**

- a . If you can, pay your health insurance premiums out of your company account. If you cannot, reimburse yourself out of the company account for the premium paid as the premium is paid. Keep a running total and report it back to us quarterly with your payroll.

### **3. Home Office Deduction:**

- a. You are eligible for this deduction if you have office space in your home used regularly and exclusively for business. Please use the spreadsheet attached to my web page to calculate the monthly deduction. Again, the reimbursement check must be written to you from your corporation no less frequently than monthly. Mark "Accountable Plan Home Office" in the memo of your check and as a category on your bookkeeping program.