



Tax Reduction Letter

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Internal Revenue Code Section 62(c)

Adjusted gross income defined

- (c) Certain arrangements not treated as reimbursement arrangements. For purposes of subsection (a)(2)(A), an arrangement shall in no event be treated as a reimbursement or other expense allowance arrangement if—
- (1) such arrangement does not require the employee to substantiate the expenses covered by the arrangement to the person providing the reimbursement, or
 - (2) such arrangement provides the employee the right to retain any amount in excess of the substantiated expenses covered under the arrangement.

The substantiation requirements of the preceding sentence shall not apply to any expense to the extent that substantiation is not required under section 274(d) for such expense by reason of the regulations prescribed under the 2nd sentence thereof.