



Taxable Earnings

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](https://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

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Reimbursements to any worker, including firefighters, made under an accountable plan are not subject to tax and withholding. An accountable plan must require workers to substantiate business expenses, allow no reimbursement for unsubstantiated expenses, and require the employee to return any amounts reimbursed over documented expenses to the employer within a reasonable period. Any amounts reimbursed to employees that do not meet these conditions are considered wages subject to all the taxes discussed above. It does not matter whether the amount is labeled per call, per diem, or any other description: it is still taxable.

DISCLAIMER: The letters and publications written by the MTAS consultants were written based upon the law at the time and/or a specific sets of facts. The laws referenced in the letters and publications may have changed and/or the technical advice provided may not be applicable to your city or circumstances. Always consult with your city attorney or an MTAS consultant before taking any action based on information contained in this website.

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