PCard/TCard Rebates on Federal Funds
January 2022

Background Information

Uniform Guidance 200.406 Applicable Credits states:

(a) Applicable credits refer to those receipts or reduction-of-expenditure-type transactions that offset or reduce expense items allocable to the Federal award as direct or indirect (F&A) costs. Examples of such transactions are: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the non-Federal entity relate to allowable costs, they must be credited to the Federal award either as a cost reduction or cash refund, as appropriate.

(b) In some instances, the amounts received from the Federal Government to finance activities or service operations of the non-Federal entity should be treated as applicable credits. Specifically, the concept of netting such credit items (including any amounts used to meet cost sharing or matching requirements) must be recognized in determining the rates or amounts to be charged to the Federal award. (See §§ 200.436 and 200.468, for areas of potential application in the matter of Federal financing of activities.)


FAR 31.201-5 states:
The applicable portion of any income, rebate, allowance, or other credit relating to any allowable cost and received by or accruing to the contractor shall be credited to the Government either as a cost reduction or by cash refund. See 31.205-6(j)(3) for rules governing refund or credit to the Government associated with pension adjustments and asset reversions.

Parent topic: 31.201 General.

Process

Determining the Rebate Rate
The rebate percentage is contracted on a quarterly basis based on estimates of PCard/TCard transactions. On an annual basis, beginning in January 2022, the Office of Treasury Operations will calculate a 3 year average rate that will be used for the entire calendar year. This process will be repeated annually in January of each year and the backup documentation will be kept in Treasury Operations.

Processing the Rebate Returns
Sponsored Program Services Post Award staff will process the rebate distributions on at least a monthly basis. Post Award staff will use a report to create a JV upload using the following master data elements.

Document Type: SA - Journal Voucher
Credit G/L: 546463 – Federal Rebate Allocation
Debit G/L: 546463 – Federal Rebate Allocation
**Sponsored Class:** 78499 – Other S&E

While the University recovers rebates on a quarterly basis, the University will allocate rebates at least monthly to ensure that the applicable rebates are posted and align with the T-Card and PCard transactions that earn them as closely as possible.

These rebates will be allocated to the same accounts that earn the rebate. A sample transaction is shown below. **NOTE: Funds will be derived based on the Order or WBS Element.**

![Sample Transaction](Image1)

![Sample Transaction](Image2)

Rebates will only be passed to the following 3 account types to ensure compliance with UG 200.406:

- Federal Sponsored Programs (Fund 46010000 Grant Type Group = Federal)
- Cost Sharing on Federal Sponsored Programs (Grant Type Group = Federal)
- Federal Appropriations (Fund 34XXXXX)

**Correcting Documents on PCard/TCard Transactions**

If correcting documents are processed on PCard or TCard transactions, the rebate should be moved with the original charges. If you move between federal funds, the rebate should go with the correction.

**Resources/Contact**

**Treasury:** Director Treasury Operations, Terri Mimms – tkmimms@purdue.edu

**Accounting Services:** Assistant Comptroller, Accounting & Reporting, Kathy Vanderwall – kvanderwall@purdue.edu

**Post Award:** Director of Post Award, Susan Corwin – scorwin@purdue.edu