Per Diem and Meal Reimbursement Policy

Administered by Accounting Office
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Per Diem
A per diem is a daily travel allowance provided for authorized travel to cover meals and incidentals (such as laundry, cleaning, and tips for services) while traveling for business purposes. Travel expenses, such as bus and taxi fares, and business expenses, such as telephone and postage costs are not included in the per-diem reimbursement and will be reimbursed separately. Qualifying expenses for travel will not be subject to tax if they are incurred for temporary travel away from the general area of the employee’s home work location and an overnight stay is required. Note that per diems are not payable in advance.

Employees who travel with an overnight stay will be eligible for a daily per diem allowance on the following basis:
- $50.00 if any meals purchased; or
- $17.00 if no meals purchased (fully-entertained)

In order to be reimbursed for per diems employees must document on the “Purpose” line of the Reimbursement Report the following three elements that are required by the IRS in order for the per diem to be non-taxable:
1. Date and time of departure from home and arrival back home
2. Travel location(s)
3. Business purpose of travel

Travel without an overnight stay
Please note that meals while traveling overnight are subject to IRS travel rules. Meals while on University business but not “away from home” are subject to IRS entertainment rules.
Under the IRS travel rules, meals are an allowable travel expense only if the trip takes substantially longer than an ordinary day’s work and one needs to get sleep or rest to meet the demands of the work while away from home. The travel rules allow the use of per diems to reimburse meals and incidentals in lieu of turning in actual receipts.

Under the IRS entertainment rules, meals must meet the business requirement test to be reimbursable and must not be lavish or extravagant. Otherwise the meal is deemed a personal expenditure. To meet the business requirement test, the main purpose of the meal must be the active conduct of business for the general expectation of getting some specific business benefit either presently or at some future date. Meals with outside parties can generally meet this requirement. It is much harder to substantiate a meal between associates as there is generally no real business reason for conducting the discussion during the meal. Meals eaten alone are generally considered to be a personal expenditure.

Option A: Nontaxable Reimbursement – Meets Business Requirements Test
When an employee purchases a meal for the employee plus one or more outside parties in the active conduct of university business, the reimbursement for such meal will not be taxable. In order to qualify under this actual-expense reimbursement program, receipts for the actual expenditures must be attached to the Reimbursement Report along with the names of the individuals present at the hosted meal and the purpose for the meeting and nature of the business discussion that took place. The cost of the meals must not be lavish or extravagant and tips in excess of 20% will not be reimbursed.

Option B: Taxable Reimbursement – All Other Meals
Employees who incur non-business (personal) meals on a day with out-of-town travel on university business will be reimbursed for their actual expenditures, on a taxable basis, not to exceed the following amounts:

- $15.60 for 2 or more meals purchased
- $8.00 for 1 meal purchased

Receipts must be attached which evidence the purchase of one or more meals. Out-of-town travel is defined as a distance greater than 25 miles from the employee’s place of work.

Example: Employee travels to Portland and back in one day. The employee spends $6 for breakfast, $10 for lunch and $13 for dinner. Maximum reimbursement of $15.60 applies. Employee needs only to attach two receipts since any combination of two receipts would exceed the $15.60 limitation. The reimbursement of personal meals is taxable and will be added to W-2 taxable wages.
Per Diem Rates for Family Authorized Travel

- $75.00 for 2 or more meals purchased by Worker and Spouse
- $25 for each dependent accompanying child
- $25.00 for no meals purchased (fully-entertained)

Lodging with Relatives or Friends

The University encourages employees to stay with friends, relatives or colleagues when traveling on university business. In consideration of the high cost of travel and limited departmental travel budgets, this is more cost effective compared to the cost of typical hotel accommodations. In recognition of the hospitality shown by a host/hostess the employee may wish to provide some type of gratuity as follows:

1. Purchase a gift (ex. meal, gift basket, flowers, etc.). An expense report accompanied by receipt(s) for the cost of the gift(s) should be submitted to Accounts Payable. Reimbursement may not exceed the amount below.

2. Request Accounts Payable to send a check payable to the host, as follows:
   - $50 per day if host fully entertains employee (employee claims a fully entertained per diem rate);
   - $30 per day if employee purchases 1 or more meals for that day.