

**Pennsylvania's State System of Higher Education
Tax Procedures for University Operations**

**Tax Procedure 2015-6
Reimbursements for Meals to Employees Who are Not in Overnight Travel Status**

Approved by:  _____ Date: November 2, 2015
Vice Chancellor for Administration and Finance

History:

Revised:

Additional History:

Related Policies, Procedures, or Standards: [Board of Governors' Policy 1986-07-A: Travel Expense Regulations](#); State System Collective Bargaining Agreements

Internal Revenue Service (IRS) References: IRS Publication 5137, *Fringe Benefit Guide, Office of Federal, State and Local Governments*

All references to "university" or "universities" in this document apply to the 14 State System universities, all branch campuses, and the Office of the Chancellor.

I. Background and Summary

IRS regulations state that in order for meals that are reimbursed as travel expenses to be excludable from wages, employees must be traveling overnight and away from their tax home (tax home is the general area of work, not the employee's residence) on their employer's business. When the employee is not traveling away from home overnight, reimbursement for meals may be taxable as compensation to the employee. [Board of Governors' Policy 1986-07-A: Travel Expense Regulations](#) and current State System collective bargaining agreements contain various provisions that reimburse employees for meals when employees are not in overnight travel status.

II. Definitions

- A. **Tax Home.** The place where the employee conducts the principal part of his/her work, not the employee's residence, is the employee's tax home. Generally, a State System employee's tax home is the university campus or other State System property. If an employee works only from home, the employee's residence is his/her tax home. If an employee works in more than one location, the location where the work predominantly takes place generally is the employee's tax home.
- B. **De Minimis.** De minimis fringe benefits include any property or service, provided by an employer for an employee, the value of which is so small in relation to the frequency with which it is provided, that accounting for it is unreasonable or administratively impracticable. The value of the benefit is determined by the frequency it is provided to each individual employee or, if this is not administratively practical, by the frequency provided by that employer to the workforce as a whole.

III. IRS Regulations (per IRS Publication 5137)

- A. In order for travel meal reimbursements to be excludable from wages, employees must be traveling away from their tax home (generally the employer's premises) substantially longer than an ordinary day's work and need to obtain sleep or rest to meet the demands of work while away from home.

- B. If meal reimbursements are provided as part of a company policy or union contract, they are **not** excludable as de minimis benefits because the benefit is required and not occasional.
- C. Although meals provided by the employer may be excludable from wages when furnished on the employer's business premises for the convenience of the employer and for noncompensatory reasons, cash provided for meals is not excludable.

IV. State System Procedures

- A. The following meal expense reimbursements will be taxed as compensation to employees **when the employee is not in overnight travel status**:
 - 1. Reimbursements to employees who work more than two hours before the normal start of the workday or past the scheduled quitting time when the travel assignment takes the employee 50 miles or more from both residence and headquarters.
 - 2. Reimbursements to employees who travel 15 miles or more from their normal work site and whose work assignment requires that they remain away from said normal worksite during their normal lunch period.
 - 3. Reimbursements to employees who work more than two hours after their scheduled quitting time and have not had notice of such work requirement at least two hours before commencement of their regular shift.
 - 4. Reimbursements to employees who attend out-service training where lunch is not provided as part of the registration fee.
 - 5. All other meal reimbursements to employees who are not in overnight travel status, with the exception of reimbursements for actual meal expenses incurred by employees for themselves and on behalf of others in the conduct of official State System business where the meal is an integral part of the business being conducted, in accordance with Section 6. of [Board of Governors' Policy 1986-07-A: Travel Expense Regulations](#).
- B. **To ensure proper tax treatment, all expenses listed in section IV.A., above, must be reimbursed through State System payroll. No expenses may be reimbursed by university travel/accounts payable offices.**
- C. The procedure to reimburse employees for taxable meals is as follows:
 - 1. The employee must complete a document prescribed by the employee's university that requests reimbursement for the nonovernight meal(s).
 - 2. If the employee has additional, but nontaxable, expenses related to the nonovernight meal reimbursement request, the employee must complete a travel expense voucher as required by [Board of Governors' Policy 1986-07-A: Travel Expense Regulations](#). The nonovernight meal request must be attached to or made part of the travel expense voucher.

3. The university travel/accounts payable office will review and approve the requests for payment in accordance with its usual procedures.
 4. The university travel/accounts payable office will submit the nonovernight meal request to the university payroll office.
 5. The university payroll office will process the request for nonovernight meal reimbursement in the current or next open payroll cycle.
- D. The taxable reimbursements will be reported on the employee's Form W-2 in box 1, *Wages, tips, other compensation*, subject to withholding for federal income, social security, Medicare, state, and local taxes.
- E. The taxable reimbursements are not eligible for retirement or other benefits.