

Changes to UA System Travel Reimbursement Procedures Effective July 1, 2018

Effective July 1, 2018, the following reimbursement rules (to be known as “In-State Per Diem” and “Actual Reimbursement for Travel”) shall apply to employees seeking reimbursement for all UA System travel:

Except as noted below, all in-state travel should be reimbursed at the new “In-State Per Diem” rate which is \$85.00/day for 1 overnight, or \$100.00/day for trips requiring 2 or more overnight stays. For trips of more than 6 hours but less than 12 hours, the employee should receive a meal per diem of \$12.75 (15% of \$85.00). For trips greater than 12 hours but not requiring an overnight, the employee should be paid \$34.00 (\$12.75 plus an additional sum that equals ¼ of the daily rate).

For out-of-state travel, the employee should be reimbursed for meals at the federal daily rate for meals and incidental expenses (M&IE). Receipts will no longer be required for M&IE paid at the federal rate, but are still required to substantiate an employee’s reimbursement request for any actual travel or lodging related expenses (such as airfare, baggage fees, parking, rental cars or cab fare, etc.).

In-state travel for the purposes of attending or assisting in hosting a convention, conference, seminar, or other meeting of a national, state, or regional organization of which the state or individual is a dues-paying member shall be calculated in the same manner as out-of-state travel.

Reimbursements for out-of-state and qualifying in-state travel shall be referred to as “Actual Reimbursement for Travel and M&IE.” Employees receiving M&IE may still participate in social functions held during travel events, provided that such function does not qualify as a “meal.” Employees being reimbursed M&IE will be limited to the M&IE amount, regardless of the funding source.

P-cards may be used to cover upfront travel expenses such as conference registration fees, flights and lodging. P-cards **may not** be used to cover M&IE, rental cars/cab fares, parking fees, baggage fees, etc. These expenses must be paid out of pocket while traveling. Employees should attach a list of the upfront charges paid via P-card to the appropriate travel expense report.

Pre-clearance should be obtained for any group meals involving two or more employees where one employee is paying the bill for the entire group, and submitting reimbursement for the group. When necessary and approved by an employee’s supervisor, employees may be reimbursed for travel the day prior to or following the event, regardless of the event’s start or end time.

FAQ for new In-State Per Diem

1. Are there examples calculating the new In-State Per Diem?

- 1 night on the road = \$85.00/day
Example: Leave on Monday & return to base Tuesday = \$170.00
- 2+ nights on the road = \$100.00/day
Example: Leave on Monday & return to base Wednesday = \$300.00

2. When being paid the In-State Per Diem for overnight travel do meals provided during the meeting have to be subtracted from the per diem?

No. In-State Per Diem is designed to pay for meals, lodging, and other travel expenses in one payment. Meals do not need to be subtracted from the per diem when an employee is requesting In-State Per Diem for overnight travel.

For travel that does not require an overnight, employees should use their judgment when requesting per diem when a meal has been provided during a meeting or event.

3. If an employee is traveling overnight to attend training or a conference held by the System or an organization the employee is not a dues paying member of, which per diem rate should the employee request?

The employee should receive per diem at the In-State rate (\$85.00/day for 1 overnight or \$100.00/day for 2+ overnights).

4. Do these changes affect how In-State Per Diems are taxed?

No. In-state Per Diem will continue to be taxed as it always has been.

- Per diems paid for in-state travel not requiring an overnight will continue to be taxable to the employee.
- For In-State travel that requires an overnight the per diem will not be taxable to the employee.

FAQ for new Out-of-State and Qualified In-State Travel

1. What are Meal & Incidental Expenses (M&IE)?

The per diem rate for M&IE includes the following items:

- All meals, room service,
- Laundry, dry cleaning, and pressing of clothing, and
- Tips for persons who provide services, such as food servers and luggage handlers.

2. What is the federal rate?

The federal M&IE rates vary for different locations. The M&IE rates may be found using the [GSA per diem calculation tool](#).

The federal rates include a total daily rate by location for M&IE, and a breakdown of that rate by meal. Use the rate for the area where the employee spends the night. When an employee is not staying in a listed metropolitan area, use the rate for the closest metropolitan area.

If an employee is attending a conference or event where a meal is provided the employee should not request the full M&IE. In addition, employers should only pay ¾ of the standard rate for the first and last day of employee's travel.

Ex. Employee attends an out of town seminar in Chicago. The employee arrives on Wednesday for an all-day seminar on Thursday, and returns home on Friday. Thursday's lunch is provided by the organization hosting the seminar. In 2018, the total M&IE per diem rate for Chicago \$59.00/day. The employee

submits for reimbursement of his/her actual airfare and lodging expenses, and requests a daily M&IE per diem.

The employee's reimbursement should be actual expenses for airfare and lodging, plus M&IE as follows: (1st and last day at ¾ rate) + (M&IE daily total -lunch), which is (\$44.25 x 2) + (\$59.00/day - \$15.00/lunch) = \$132.50.

3. Are per diem payments included in an employee's wages?

M&IE per diem payments are not part of the employee's wages if (1) the payment is equal to or less than the federal per diem rate, and (2) the employer receives an expense report from the employee.

4. When are per diem payments taxable?

Payments will be taxable to the employee when any of these situations are true:

- No expense report is filed with the employer;
- The expense report filed does not include the date, time, place, amount and business purpose of the expense;
- A flat amount is given to the employee and no expense report is required, *or*
- Per diem is paid in excess of the allowable standard federal rate.

The above described per diem payments would be treated as taxable wages, and employment taxes would be due from the employer.

5. What does an expense report need to include?

The report must include:

- The business purpose of the trip;
- The date and place of the trip;
- The agenda (if applicable) for the conference, training, or event attended; *and*
- Receipts for lodging and other travel expenses (if using the meals-only per diem rate).

The employee must file the expense report with the employer within a reasonable period of time (60 days). If any of these requirements are not met, the payment is taxable to the employee.

6. What records are required to support per diem payments to the employee?

An employee requesting Actual Reimbursement for Travel must submit an expense report showing the time, place, and business purpose of the employee's business related travel.

Receipts are not required unless the employee is seeking actual reimbursement for their expenses (i.e., reimbursement for lodging or other travel related expenses such as rental cars/cab fares, parking fees, baggage fees, etc.).