

2363 – TRAVEL AND ENTERTAINMENT POLICY – SPOUSAL/DEPENDENT TRAVEL

Resp. Office: Purchasing Services
Approval: Executive Director, Purchasing Services
Effective: April 1, 2015
Last Revision: April, 2015
Last Revision: April, 2017

PURPOSE

To outline policy, including IRS regulations, with regard to spousal and dependent travel and entertainment in conjunction with an employee conducting business on behalf of the University.

SCOPE

This policy applies to all faculty, staff, students and postdocs traveling and entertaining on behalf of the University and seeking reimbursement for related expenses from the University regardless of the funding source.

FACULTY, STAFF, STUDENT, POSTDOC RESPONSIBILITY

It is the responsibility of Penn travelers to be familiar with this policy and to be mindful of IRS regulations when it comes to spousal or dependent travel.

Full responsibilities of the employee, student or postdoc can be found in Policy #2352.

RESPONSIBILITY OF APPROVERS

The designated approvers should assist the travelers and entertainers with understanding of applicable policies and compliance requirements as the process is outlined below. The approvers are responsible for the validation and completeness of all T&E expense reimbursement requests and relevant expense reports prior to the submission via Concur-TEM system to the University for processing.

It is the responsibility of the approver to ensure that the necessary IRS regulations have been met and the necessary documentation is attached.

Full responsibilities of approvers can be found in Policy #2352.

POLICY

1. Under IRS regulations, the travel expenses of a spouse (or dependent) are considered as non-taxable expense, provided that his or her presence serves a bona fide business purpose.
 - a. To be a bona fide business purpose, the presence of the spouse must be essential (not just beneficial) to the employee in being able to carry out his/her business purpose for the University.
 - b. The spouse's performance of some incidental service does not constitute a bona fide business purpose.
 - c. The bona fide business purpose of the accompanying spouse must be clearly documented on the expense report to show that the spouse's attendance at a function or event meets the above conditions.
 - d. If a spouse has no significant role in such proceedings, then his or her travel or meal expenses are deemed as non-reimbursable expenses.
2. Travel expenses for spouses and dependents are permissible during the interview process prior to an employment offer since employment is considered a family decision.
 - a. Revenue Ruling 63-77: The IRS specifies that reimbursements made to travelers by a prospective employer for expenses incurred in connection with travel for interviews are not considered wages for federal tax purposes.
 - b. The expense reimbursement cannot be conditional on whether or not an employment offer resulted from the interview or whether or not the traveler accepted.