

## **2364 TRAVEL AND ENTERTAINMENT REIMBURSEMENT POLICY- SPOUSAL / DEPENDENT TRAVEL**

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**RESP. OFFICE: PURCHASING SERVICES**  
**APPROVAL: CHIEF PROCUREMENT OFFICER**  
**EFFECTIVE: MAY 1, 2009,**  
**LAST REVIEW/REVISION: MAY 1, 2009**

### **PURPOSE**

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

Other policies are provided for specific travel and entertainment (T&E) topics in the policy number series 2351 through 2370 and are listed at 2351.1 Travel and Entertainment Reimbursement- Detail Listing.

### **SCOPE**

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The T&E policies and procedures apply to all individuals, including employees, students, and non-employees, traveling and entertaining on behalf of the University and seeking reimbursement for related expenses from the University regardless of the funding source.

### **TRAVELER AND ENTERTAINER RESPONSIBILITY**

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

### **RESPONSIBILITY OF APPROVERS**

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The TAC (Transaction Authorization Card) holder assists the travelers and entertainers, as well as their higher level approver, when applicable, with understanding and complying with the process outlined below and ensures that all documentation requirements have been met prior to submission of reimbursement requests to the central processing organization.

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

### **POLICY**

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Under IRS regulations, the travel expenses of a spouse (or dependent) are non-taxable provided it can be established that his or her presence serves a bona fide business purpose.

- 1) 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.
  - a) The spouse's performance of some incidental service does not constitute a bona fide business purpose.
  - b) 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.
  - c) If a spouse has no significant role in such proceedings, then his or her travel or meal expenses are deemed a non-reimbursable expense.
- 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 individuals 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 individual accepted.