

Tulane University Policy Statement For Spouse and Related Persons Travel and Entertainment

Name of Policy: Spouse Travel & Entertainment
RESPONSIBLE UNIVERSITY OFFICIAL: SENIOR VICE PRESIDENT FOR OPERATIONS AND CHIEF OPERATING OFFICER
RESPONSIBLE OFFICE: CONTROLLER'S OFFICE
COORDINATING DEPARTMENTS: ACCOUNTS PAYABLE, FINANCIAL SERVICES, ACCOUNTING, GRANTS AND CONTRACTS ACCOUNTING

ISSUE DATE: January 23, 2017
REVISION DATE:
EFFECTIVE DATE: January 23, 2017
WHO NEEDS TO KNOW THIS POLICY: ALL UNIVERSITY DEPARTMENTS

Policy – It is the university's policy that spousal and family travel will not be treated as taxable income to the employee if the travel or dining costs are documented as having a bona fide business purpose. Such determination will be made within the context of guidance issued by the IRS. Where such bona fide business purpose cannot be concluded, such approved travel may be treated as additional income to the related employee.

Background – Generally the university does not pay for or reimburse travel related or entertainment related costs pertaining to employee spouses. There may be limited circumstances or situations where the University will pay for spousal travel because an important business purpose has been identified. If such circumstances do not meet the definition of a bona fide business expense, then such costs will be treated as taxable income to the employee.

Procedures –

Spousal travel will only be paid or reimbursed by the university if such travel is approved in advance by A V.P. or Dean of the university. The approval must be documented and such documentation must be included with related travel reports. The documentation will include the following:

1. Name of the spouse
2. Name and position of the related university employee
3. Details of Travel or entertainment function (Date, Purpose, Destination, Airline, etc.)
4. Costs related to spouse travel or entertainment
5. Business Purpose for spouse's participation, including specific activities expected to be conducted by the "spouse" in furtherance of the business purpose (see below)

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6. Approval of travel/entertainment by the appropriate V.P. or Dean.

As these exceptions are identified, the details of such travel or entertainment costs must be summarized by the home department and reported to the Payroll Office so that the value can be included as taxable income in the employee's payroll records. If the traveler or home department believes that the spouse's travel is for a bona fide business purpose as defined by the IRS, the Controller's Office will review the relevant documentation and determine whether such costs should be included in the employee's taxable income.

Bona Fide Business Purpose – IRS definition

To reach the conclusion that such costs are not taxable to the employee, the presence of the spouse must be **ESSENTIAL**, not just **BENEFICIAL**. The following criteria will be applied:

1. The degree to which the "dominant purpose" of the travel is to aid the employee's business purpose of promoting the university's objective.
2. Whether and why the spouse's presence is necessary to effectively carry out the duties of the employee.
3. The extent to which the spouse's presence is to provide more than "incidental" business related services to the employee (like taking or typing notes, attending to scheduling or similar matters, attending events, etc.)
4. The time spent by the spouse on personal activities in comparison to the activities related to the business of the university.

Activities like taking notes, minding schedules, and attending meals or social functions are unlikely to result in the determination of a bona fide business expense.