

Q & A on Taxable Meals

7/9/09

Any meals reimbursed for an individual meal for an off-campus assignment that does not include an overnight stay will be taxable to the employee. The value of the meal will be added to the next payroll cycle for that employee and appropriate taxes withheld. This is necessary in order to comply with IRS regulations.

Q: What is an example of a taxable meal?

A: A University employee travels to Lansing for the day for a conference (or meetings) where lunch was not provided. They go to lunch on their own and then turn in a per diem reimbursement for lunch. That per diem would be considered taxable.

Q: If a faculty member takes a job candidate out for a meal, is that taxable?

A: No, because the job candidate is a university guest and there is a business purpose for the meal, it is not taxable.

Q: If an employee takes some international visitors or other university guests out for a business-related dinner, is that considered taxable?

A: No, that is not a taxable dinner because there is a university guest and there is a business purpose.

Q: If an employee goes to a conference Friday through Sunday and stays overnight both Friday and Saturday nights, is the per diem for breakfast on Sunday considered taxable?

A: No, because of the overnight stays, the per diem on Sunday is not taxable.

Q: What about the person who travels all day for the university like a field instructor and stops for lunch, is that taxable?

A: Yes, since they have not stayed overnight for university business and did not have a university guest and a business purpose for the meal, it would be taxable.

Q: What if I work downtown, but have a class to cover in Muskegon or Holland and I stop for meal is that taxable?

A: Yes, since there is no overnight stay and no university guest and business purpose for the meal, it would be taxable.

Q: If a faculty member is mentoring another faculty member and they go out to lunch, is that taxable?

A: Since there is a business purpose for this meal – discussion regarding mentoring – it would not be taxable. Remember, that any meal that involves university employees only and no guests must be approved by an executive officer. Please obtain the executive officer approval before sending the reimbursement request to the Accounting office.

Q: What type of group meals would be taxable? For example, an end of year department meal to say "Thank you" or "Good job"?

A: If the business purpose of this group meal is to reward employees for a job well done and employees are recognized at the meal, then it is not taxable. Remember, that any meal that involves university employees only and no guests must be approved by an executive officer. Please obtain the executive officer approval before sending the reimbursement request to the Accounting office.

Q: What type of group meals would be taxable ...for example, a beginning or end of semester or year department meal to start up or celebrate the end of a semester or year. Do we have to provide the names of employees who are present to Accounting?

A: No, this group meal would not be taxable. However, all names of the attendees must be provided and you must obtain Executive Officer approval prior to sending the reimbursement request to Accounting.