

## BUSINESS PURPOSE QUICK GUIDE

### What is a business purpose?

- A business purpose is the business reason for using University Funds. It is required by the IRS for any expenditure from University funds without a tax implication to the payee or employee.

### Why is it Necessary?

- So the University can be compliant with IRS regulations and provide reimbursements tax-free.

### Elements of a Business Purpose – Questions to answer to help complete a business purpose

- WHO
  - Who attended the meal, function or event?
  - What is the person's relationship to the University?
- WHAT
  - What is the item or service being used for?
  - What is the name of the conference or seminar?
  - What agenda items were discussed at the meeting?
- WHERE
  - Where did the meal, function or event take place?
- WHEN
  - When did the meal, function or event take place?
  - When was the expense incurred?
- HOW/WHY
  - How or why did this transaction benefit the University?

**REMINDER:** A business purpose should be written so that a person unfamiliar with University activities or someone several years from now (e.g. auditor), can read and understand the business purpose of the transaction.