

Procedure 20335c: Meals & Incidental Expenses

Meal expenses (subject to limitations) are reimbursable for overnight travel. These expenses should be submitted on a travel reimbursement request. Meal and tip expenses not involving an overnight stay are not reimbursable unless documentation supporting the reimbursement clearly establishes that the meal is taken during overtime work periods or for official business reasons. When an employee seeks reimbursement for overtime meals or for business meals while they are not in travel status, the Chrome River reimbursement request may be used. An employee is in travel status when they are in excess of 25 miles from their official station. The official station is the base point where the employee works on a daily basis.

All expenditures must be kept reasonable and follow the **meals and incidental expense (M&IE)** per diem rules. They are also subject to questions from the Controller's Office. Any unusual charges must be fully explained in the comments field or on an attachment to the travel reimbursement request. Employees engaged in constant daily routine business travel are not reimbursed for meals.

A. Meal Reimbursement for Overnight Travel

Meal and certain other incidental travel expenses are reimbursable only for **overnight** official business travel outside the traveler's official station. The reimbursement of such expenses (including all related taxes and tips) shall be made to the traveler based on a fixed allowance. The fixed allowance is referred to as the **meals and incidental expense (M&IE) per diem**. As a Covered Institution, the M&IE per diem is the CONUS/OCONUS rate for the traveler's lodging location. Please see **Procedure 20335b: Hotel and Motel Accommodations** for details. The meal per diem is a reasonable allowance for meals and incidental expenses for the area. It is not intended to be a reimbursement for actual expenses but rather a reasonable allowance. Some travelers may spend more than the amount for personal travel expenses while others may spend less than the M&IE per diem but the principle behind the per diem is that it is a reasonable amount to cover the traveler's necessary expenses. Direct university billing of meal expenses incurred during overnight travel, including charging meals to direct-billed hotel rooms, is not permitted. The M&IE per diem must be paid directly to the traveler, even where it can be shown that one traveler incurred the expenses on behalf of another. The M&IE per diem used shall correspond to the location of the related overnight lodging for out-of-state, in-state, and foreign travel. The applicable M&IE per diem, or fraction thereof for a departure or return day, is payable to the traveler without itemization of expense or receipts. For calculations of the M&IE on a departure or return day, see Procedure 20335v (Travel and Meal Reimbursement Request). One traveler cannot claim the meal for another traveler when the two of them meet together whether it is to

discuss business or to dine together while on travel status. They must both use the M&IE allowance on their respective travel reimbursement request.

- **No Cost Meals.** When meals are provided at no cost in conjunction with travel events, the applicable M&IE per diem shall be reduced by the dollar amount shown for the applicable meal in the M&IE Rate Table. When meals are included with registration, lodging expense, or as part of a package plan, please record the number and type of meals (breakfast, lunch, dinner) on the travel reimbursement request. If a continental breakfast or reception is offered by the hotel and traveler does not partake in the breakfast due to any reasonable circumstance (e.g. early work hours do not allow for participation in the provided breakfast, the food provided was not adequate, the traveler's dietary needs were not met, etc.), then the traveler must notate this on the expense report. If a meal is offered as part of a conference and the traveler has medical restrictions, the traveler should make every effort to have the conference facilitate his/her needs by the deadline specified by the conference. If the conference does not honor the request, the traveler is not required to deduct the applicable meal allowance from the per diem. However, the traveler must include a note or other documentation with the expense report documenting this information. If the full meal per diem is claimed for a conference or training event with no deductions for meals provided as part of the registration fee, the conference/training agenda must be attached to the expense report to substantiate the full meal per diem.
- **Incidental Travel Expenses Covered by the M&IE Per Diem.** All service fees or tips including but not limited to bellhops, skycaps, maids, waiters/waitresses, laundry expense, personal telephone calls, and transportation between places of lodging or business and places where meals are taken are reimbursed through the incidental expense portion of the M&IE per diem.

B. Meal Reimbursement for Overtime and Official Business Meals

Meal expenses not involving an overnight stay are generally not reimbursable. Reimbursement may be allowed if documentation supporting the reimbursement clearly establishes that the meal is taken during overtime work periods or for official business reasons. To be eligible for reimbursement, such meals must be considered essential to the university's mission and a business necessity.

Official Business Meals: All University funds, regardless of their source of origin, are considered to be public funds, and are governed by Virginia law and University guidelines. Procedure 20310a provides guidance on the appropriate use of State funds related to business meals and refreshments.

Public expenditures for food must be 1) in accordance with state policy, 2) reasonable and necessary, and 3) part of a bona fide business function of the University. Public funds may NOT be used for events considered to be primarily social in nature. Generally, snacks or refreshments are not appropriate for State funds, however exceptions may be approved. Normally food is not purchased for Virginia Tech faculty and staff. Alcohol is never an appropriate expenditure on State funds.

The department should gain written approval by submitting a request through the Accounts Payable Food Approval Form prior to purchasing food on State funds. The Controller's Office will determine if the expenditure is appropriate on State funds and provide notification to the department. The approved form should be included with travel reimbursement requests, as well as invoices/receipts on HokieMart purchase orders, and Procurement Card transactions. The same guidelines should be followed on local and auxiliary funds but does not require prior written approval.

Please see Procedure 20310a (Business Meals and Refreshments) for the full business meals policy, which provides a non-inclusive list of types of functions for which public funds may or may not be used.

Overtime meals: If the department officials require employees to work overtime, the department may provide an allowance for meals for those employees. Overtime work periods may also include extended work hours due to **non-overnight** travel. To be eligible for overtime meals required in conjunction with non-overnight travel, the traveler must, out of business necessity, leave home before 6:30 a.m. (for breakfast) and be unable to return home before 7:30 p.m. (for dinner). The overtime meal must be taken in-route home when it is not possible for the traveler to arrive home by 7:30 p.m. Meals taken at the home base after the traveler arrives cannot be reimbursed. Generally, an employee would not be eligible for an overtime meal until they had out of necessity been on duty for 10 ½ hours during the day. Lunch meal expenses are not reimbursable under the provisions of the overtime meal reimbursement policy.

An overtime meal may be charged to public funds only when the department head provides a "separate letter" explaining why the employee was required to work past their normal workday. The documentation must describe the circumstances involving the overtime and note that the overtime was essential to the department. The letter must include the employee's normal work schedule for the day and the overtime start and end times. The meal is not reimbursable if taken at the end of the overtime period.

Authorized overtime meals may be reimbursed based on actual costs incurred for each meal up to the amount shown for the applicable meal in the M&IE Rate Table. The M&IE rate used must correspond to the location in which the overtime work took place. Itemized receipts are required. If a receipt is not available, reimbursement will be made at the rate of \$10.00 for meals within

an employee's official station and \$15.00 outside the official station. An "official station" is defined as the area within a 25-mile radius of where an employee routinely performs his/her duties.

An overtime meal allowance based on the number of hours worked is considered taxable wages by the IRS.

C. IRS Reporting Requirements

Meal reimbursements made in accordance with university regulations are not considered by the IRS to be reportable income. This includes situations where one traveler purchases and claims reimbursements for the meals of another person on official business. The IRS income-reporting requirements for meals reimbursed under a sponsored program exception must be determined by the offices of Sponsored Programs and the University Controller.

An itemized receipt for each business meal must be provided. If a receipt is lost and the reimbursement is approved, business meal reimbursements of \$75 or more will be reported as gross income on the employee's W-2 form at year end.

D. How to Use M&IE Rates

Individual meal guideline amounts for each respective daily meal are presented in the guideline tables shown in Procedure 20335r (Lodging and M&IE). As a Covered Institution, the M&IE per diem is the CONUS/OCONUS rate for the traveler's lodging location. These individual meal amounts are also used to determine the maximum meal reimbursement amounts for:

- Overtime meals
- Official business meals

The M&IE reduction which must occur where meals are provided at no cost during an overnight travel period unless specifically listed in Procedure 20335r (Lodging and (M&IE)). The daily meal and incidental expense limits for domestic travel **including** taxes and surcharges is \$68.00.

D.1 Non-Domestic Meal Guidelines

For travel to territories not held by the U.S., departments may obtain non-domestic meal guidelines at the U.S. Department of State's web site

https://aoprals.state.gov/content.asp?content_id=184&menu_id=78.

For travel to all U.S. Territories (which includes Alaska and Hawaii), departments may obtain non-domestic meal guidelines at the U.S. Department of Defense web site

<https://www.travel.dod.mil/Travel-Transportation-Rates/Per-Diem/Per-Diem-Rate-Lookup/>

Note: Rates are subject to change each month for international locations.

D.2 Departure and Return Days

The guideline tables show the reimbursable amount for departure and return travel days, which is 75 percent of the allowable rate. For example, if the M&IE rate allows a \$68 total reimbursement, \$51.00 [(\$68 x .75)] would be allowable on a travel departure or return day.

When meals are provided at no cost in conjunction with travel events on a travel departure or return day, the full meals per diem reimbursement rate is reduced by the full amount of the appropriate meal(s) followed by a 75% proration of the balance. For example, if the M&IE rate allows a \$68 total reimbursement, and lunch was provided at no cost, the total allowable reimbursement for that day would be \$36.75 [(((\$68 - \$19 lunch) x .75))].

D.3 Which M&IE rate?

For all travel, out-of-state, in-state, or foreign travel, the M&IE rate is calculated based on the lodging location, except for the last day of travel. The M&IE for the last day of travel is based on where the traveler spent the **previous** night.

E. Exceptions to the M&IE Per Diem Guidelines

Exceptions to the M&IE Per Diem meal rates can be granted for:

- **Travel in Support of Sponsored Programs** - If the travel is reimbursed solely from sponsored program funds, travel reimbursements are governed by the stated terms and conditions of the individual grant or contract. Any sponsored program exception supersedes other university reimbursement requirements and documentation from the grant must be attached to the reimbursement request.
- **Official Business Meals** - Business meal reimbursements up to 50% over the applicable per diem guideline may be approved by an authorized approver with sufficient justification and the original, itemized receipt. Business meal reimbursements above 50% over the applicable per diem guideline are not permitted.

F. Conference Banquet Meal Service

The travel meal limits do not apply to meals that are part of a conference or other group procurement. The Virginia Public Procurement Act applies to the purchase of meals when they are a part of a conference or group pre-planned business function. While it is essential that economically priced accommodations be used for conference facilities, it is not mandated that the limits for individual business travel also be applied as limits for conference meal services. These services are obtained through competitive bids or proposals. In each such procurement, departments should be sensitive to the fact that all of these procurements are open for the public review and efforts to keep the cost to a minimum should be made; however, when it is not

possible to provide services within the meal guidelines, the most suitable offering available is acceptable.

For instance, meal services at the Inn at Virginia Tech and other hotels are charged from two different menus depending on the type of services required. Banquet services include: 1) a private room, 2) a separate attendant, 3) table linens, 4) menu items prepared in advance and served as the attendees are seated, and 5) set up/cleanup of a separate room. For these additional services, the university can sometimes pay above the meal limits.

Each department should request the service as needed and must document the need for such service on the request that is sent to the Inn at Virginia Tech Business Office or on the commercial hotel restaurant invoice. To be sure that charges are allowable and approved, it is advisable to request prior approval when services requested do not fall within the allowable rates listed in the M&IE rate tables. Questions should be addressed to the Travel Supervisor. For reimbursements where these guidelines are used, "Cost based on Procurement Guidelines" must be clearly stated on the reimbursement request.