

**Per Diem Guidelines
For Allegheny College
March 17, 2010**

The Internal Revenue Service provides for two methods of reimbursing employees of Allegheny College ("College") for business travel expenses:

- 1) Accountable Plan Method (i.e. expense substantiation)
- 2) Per Diem Plan Method

Accountable Plan Method:

An employee substantiates a business travel reimbursement request by providing the employer with actual paid travel expense receipts for expenses allowed by the College- (see Employee Travel and Entertainment Expense Policy on the College web site under "Inside Forms" or in the employee handbook). The employee subsequently will receive a reimbursement check for actual allowable business expenses.

Cash advances may be given employees prior to their travel or an employee may be entitled under College policy to receive and use a College business credit or purchase (debit) card. The substantiation requirement still exists in the case of an advance or an employer credit or purchase (debit) card. The employee must present actual paid travel expense receipts; otherwise the expense becomes the responsibility of the employee.

Per Diem Plan Method:

1. Means payment to the employee based on the current IRS daily rate table for lodging and meals and incidentals (M&I) for specific places in the U.S.A. or outside the United States; the employer can elect certain options in using the Per Diem method:
 - a. Minimum periods of travel for use
 - b. Use an alternative high/low daily rates table, which are only applicable to United States destinations
2. The maximum allowance to be paid under the Per Diem method is found in the applicable IRS daily rate table for the location and time of year the lodging and meals and incidentals are incurred.
3. The College will permit the use of Per Diem only when the trip is in excess of five (5) days in length.
4. Business travel completed without an overnight stay is not eligible for a Per Diem meal and incidentals daily rate reimbursement and therefore the Accountable Plan method will apply. IRS has structured the regulations governing the Per Diem method to include both lodging and meals and incidentals expenses or to use the Accountable method but not split the use. By College policy M&I Per Diem reimbursement will be prorated on the day of departure and the travel return day, depending on the time of departure or return. Employees must report those partial days and substantiate the times as they occurred. All other days of a trip will be reimbursed at 100% of the M&I rates.
5. An employee should determine prior to going on a business trip whether they will utilize the Per Diem or Accountable Plan method for expense reimbursement. An employee may not alternate between the two methods on the same trip.

6. Under the Per Diem method an employee must present the College with an actual detailed itinerary substantiated by actual paid receipts that would include:
 - a. the business purpose of the travel
 - b. the length of time of the trip (including dates)
 - c. whether there was any personal time involved
7. Substantiation or proof of such business travel would include copies of paid hotel, meals, car rental, conference registration, or other bills that would give evidence of dates and places travelled.
8. A cash travel advance can be given to an employee who elects to use the Per Diem method.
9. College-issued purchase (debit) or credit cards may not be used for the Per Diem method.
10. Certain travel expenses are not included under the Per Diem method but may be reimbursed if substantiated by actual paid receipts as applicable; they are, but not limited to:
 - a. Airfare
 - b. Personal vehicle mileage
 - c. Train fare
 - d. Taxi/other ground travel
 - e. Conference registration
 - f. Vehicle rental (and fuel receipts)
 - g. Tolls
11. Meals and incidentals include tips, laundry, cleaning, and other fees for services.
12. If an employee traveling on College business is required to stay over a weekend and into the next week while on business, then Saturday and Sunday are not considered personal time and expenses incurred for those days will be reimbursed under the method the employee has chosen for reimbursement. However, if an employee on College business chooses to stay over a weekend following the conclusion of the purpose of their trip, the extended time is considered personal and not eligible for reimbursement under the method chosen by the employee for reimbursement. If the College elects to reimburse the employee for the expenses incurred in staying over the weekend after the conclusion of the purpose of the trip, then the reimbursement will be added to the employee's Form W-2 as taxable income. Such amount will be included in the employee's income regardless of whether the extended stay was to receive a better airfare.
13. Exchange rates for international travel under the Per Diem method will not be factored into the Per Diem rate of reimbursement. The Per Diem is paid in US Dollars only.
14. If the cost of lodging and meals and incidentals is less than the Per Diem amount provided under this method, the employee is not obligated to return the difference and the difference is not subject to income tax reporting. Any cost incurred by the employee for lodging and/or meals and incidentals in excess of the Per Diem reimbursement amount is the responsibility of the employee.

15. The M&I reimbursement rate is reduced for employees who attend seminars or conferences where meals are provided by the seminar/conference provider. Cost rate reductions are contained in a special IRS rate table to show the reduction in the daily Per Diem meals and incidentals reimbursement that are a part of the conference registration fee. The employee must note which, if any, meals are provided under a conference registration fee (e.g. "lunch will be provided for all days of the conference beginning on... and ending on...").
16. Current IRS Per Diem Rates can be found in Internal Revenue Service Publication 1542 at www.irs.gov/pub/irs-pdf/p1542.pdf or at the U.S. General Services Administration at www.gsa.gov which allows viewing of various optional rate tables for domestic, outside the continental U.S., and foreign locations.
17. Per Diem cannot be used by employees who have their hotel bills or meals prepaid directly by the College, which would include the use of College-issued purchase (debit) or credit cards.