EXPENSES AND TAXATION GUIDELINES

WORKING LUNCH:

For a working lunch not to be viewed as a taxable benefit then it must form an integral part of the meeting, i.e. sandwiches during a meeting where it would be unreasonable to expect people to work through lunch, or at a University catering establishment (not a College) where the cost is considered to be marginal. The purpose of the meeting must be business related and details of the attendees and an Agenda should be provided.

Non-Taxable:

- Must be of a trivial amount, i.e. less than £5 per head
- Must have an Agenda and details of all attendees must be included with the expenses claim.

Taxable Benefit:

- If the meeting has been concluded and the lunch is given immediately afterwards – this cannot be classed as part of the meeting and will then become a Taxable Benefit.
- If there is a day long event which includes a meal then the meal itself does not fall into the staff entertainment category as it is considered incidental to the rest of the event.

It is acceptable to have sandwiches during the course of a lunchtime meeting, but it is reportable and taxable if the meeting moves to a restaurant.

EVENING:

Business Entertainment - The provision of hospitality to non-employees (including Examiner/Collaborator dinners):

The University has charitable status and does not pay corporation tax in the same way that a normal business would, because of this all business entertaining should be liable to tax but, due to negotiations with the tax office it has been agreed that employees can be reimbursed tax free.

- Details will be required of all those entertained, their Institutions and the purpose of the entertainment. (This is a mandatory requirement of the University’s Finance Regulations and compliance with the Inland Revenue’s legislation i.e. the reporting of all taxable benefits)

In addition, the following should be taken into account:

- The primary purpose of the entertainment must be to entertain non-employees (including students) i.e. the simple presence of non-employees is not enough to justify a claim, their presence must be the main purpose of the event
- There must a clear benefit to the University from providing the entertainment
- The cost must be reasonable and not exceed evening meal subsistence rates, currently £21.00 each
- The entertainment should not include anything other than the cost of food, a modest amount of alcohol and any incidental costs such as a taxi.

Where details of those entertained are not provided then the full cost is treated as a taxable benefit and attributed to the person actually making the claim.
CELEBRATORY / THANK YOU MEALS ANS STAFF PARTIES:

The Department can spend up to £150 per person per annum on social events before declarations need to be made on the P11D but there are stipulations:

Non-Taxable:

- To qualify as a staff party a function must be open to everyone within an Identifiable Business Unit (IBU).
- A retirement party that is open to all staff (and less than £150 per head)

Taxable Benefit:

- A retirement meal which is only open to specific individuals
- Staff who helped out at an Awards Ceremony (unpaid) are taken out for a meal afterwards as a thank you

If an outside academic/visitor attends the party the reason for the party needs to be looked at:

- If the intention is to thank staff by holding a party then this will not be a Taxable Benefit if all members of the IBU are invited and the £150 per person per annum limit has not been exceeded.
- If the intention is to entertain outside academics/visitors then it becomes “Business Entertainment”.

If an outside academic/visitor is a spouse or partner of one of the employees then the cost of that visitor is included in the £150 limit for that employee.

Further guidance is available in the Financial Procedures Manual 5b ‘Expenses and Benefits’, web address/link [http://www.admin.cam.ac.uk/cam-only/offices/finance/procedures/expenses/expenses.pdf](http://www.admin.cam.ac.uk/cam-only/offices/finance/procedures/expenses/expenses.pdf)

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31.03.17