Finance & Operations Policy FO-TR-42

Spouse Travel

Policy Statement: The travel expenses of a spouse who accompanies a University business traveler are reimbursable under this policy, provided it can be established that the spouse's presence serves a bona fide University business purpose (defined below). To be reimbursable under this policy, all spousal travel must have prior written approval from the President and will be processed in accordance with SHSU Finance & Operations Travel Policy FO-TR-01.

Background: Internal Revenue Code §132 provides that an employer's payment of travel expenses for a spouse is a fringe benefit which is includable in the employee's gross income unless otherwise specifically excluded. Regulation §1.132-5 permits the exclusion of such travel expenses provided the payments for these items would be allowable as a deduction if not reimbursed by SHSU (Internal Revenue Code §162, §167, or §274).

Definitions: To be a bona fide business purpose, the presence of the spouse must be essential (not just beneficial) to the employee being able to carry out his/her business purpose for the University. The spouse's performance of some incidental service does not make it a bona fide business expense. An employee's spouse performing some menial task (such as typing notes) and/or accompanying the employee to luncheons and dinners is not a bona fide business purpose. The spouse must perform substantive business related functions. The bona fide business purpose of the accompanying spouse must be clearly documented on the employee's Expense Report, and there will be no tax consequence to the employee if the spouse is performing a bona fide business function.

A spouse who attends a function is considered to have a bona fide business purpose if he or she has a significant role in the proceedings or makes an important contribution to the success of an event. Generally, when protocol or tradition dictates the participation of a high-level official's spouse at an official University function, such as alumni gatherings, fund-raising or ceremonial activities, certain athletic events (see below), and community events; documentation must be provided with the Travel Expense Voucher to show that the spouse's attendance at the function meets the above conditions (e.g., an event or meeting agenda, or a letter of invitation requesting that the spouse attend the meeting or event).

Travel by a spouse who accompanies an athletic director (or assistant director or head coach) to sporting events such as bowl games and tournaments is presumed to have a bona fide University business purpose (see above) in situations where the NCAA or potential donors expect that certain high-ranking members of the athletic department, and their spouses, will participate in events associated with these athletic activities. The travel expenses of a spouse incurred in the pursuit of such activities may be reimbursed provided documentation, such as an NCAA event agenda, is provided to substantiate the business purpose of the travel.

Procedures: The travel expenses of a spouse who accompanies a University business traveler (e.g., the President, a Vice President, Athletic Director, or other employee as approved by the President) are reimbursable under this policy, provided it can be established that the spouse's presence serves a bona fide University business purpose (defined above). To be reimbursable under this policy, all spousal travel must have prior written approval from the President and will be processed in accordance with SHSU Finance & Operations Travel Policy FO-TR-01.

Any reimbursement for spousal travel under this policy will be reviewed to determine whether the reimbursement is a taxable fringe benefit to the employee for federal income purposes. Normally, in the event that a spouse's presence does not provide a bona fide University business purpose, the travel expenses of the spouse will not be reimbursed under this policy. However, if the University approves reimbursement of the spouse travel that does not constitute a bona fide University business purpose,
the spouse’s travel will be, under IRS code, included in the employee’s taxable wage as a taxable “fringe benefit.”

Travel expenses incurred by family members, other than the spouse, generally do not satisfy the bona fide University business purpose test and therefore are not reimbursable.

Spousal travel expenses may not be charged to state appropriated funds. Contract and grant funds may only be used to reimburse spousal travel if the special provisions of the contract or grant are satisfied. Institutional funds may be used to fund spousal travel, provided the guidelines governing the use of the funds are met, and the use falls within the parameters of this policy.

Reviewed by: Al Hooten – Vice President for Finance and Operations

Approved by: Dana Gibson – President

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