Policy for Representation, Meal Allowance and Gifts at Karlstad University

Aim
Karlstad University is largely a tax-funded institution. This means that all employees are obligated to justify expenditure and to ensure that all entertainment and representation expenses are directly related to University activities. Entertainment and representation shall be conducted with moderation and shall be appropriate to the occasion in scope and implementation.
Policy for Representation, Meal Allowance and Gifts at Karlstad University

1. General background

Karlstad University is largely a tax-funded institution. This means that all employees are obligated to justify expenditure and to ensure that all representation expenses and perks are directly related to University activities. All representation shall be conducted with moderation and shall be appropriate to the occasion in scope and implementation.

Karlstad University has a separate policy on alcohol and drugs and takes a restrictive stance to the serving of alcohol in connection to representation. Non-alcoholic alternatives shall always be provided and indicated.

The concept of representation lacks a definition in taxation legislation. According to the Tax Agency’s interpretation, representation expenses may include meals, beverages and service in connection with restaurants visits, for example, and also entrance fees to a museum, theatre or sports arena, etc. Entertainment and representation may be external or internal. **External representation** is outreaching and should serve to initiate or develop connections deemed important to the University, or be part of the marketing of the University. **Internal representation** should aim to create a congenial work atmosphere for staff. Representation does not only refer to food and drink, but also to gifts and celebrations, jubilees and inaugurations.

These regulations apply to all representation, irrespective of how it is financed (governmental, grant or contributory funding), both in Sweden and during business trips abroad. This policy clarifies the regulations for meal allowances, internal and external representation, as well as gifts presented to staff. In addition to these regulations, Karlstad University complies with current tax legislation.

In exceptional cases, the vice-chancellor and university director may depart from the recommended maximum amounts specified in the Appendix.

Conditions
Recurrent representation to one and the same individual shall be avoided. Representation must not be luxurious. Expenses incurred through social activities of a personal nature in connection with personal celebrations are not representation and expenses cannot be paid by the university.

2. General information about meal allowances

The rule of thumb is that all benefits paid by the employer are taxable, unless the benefit is specifically exempted from tax in the Income Tax Act. The main exceptions encountered at the University are:
- Free meals during business trips;
- Staff perks;
- Internal and external representation.

Free meals during business trips
Meals included in ticket prices during journeys or free breakfasts served at hotels are tax-exempted benefits if it is not possible to book the ticket or hotel room without the meal.

Light refreshments
Coffee, a fruit basket for staff or light refreshments during a meeting are considered perks. Light refreshments include coffee, cake, simpler sandwiches, sweets, fruit, etc. that cannot
replace an entire meal.

Fringe benefits tax
Fringe benefits tax is payable unless the benefit is specifically exempted from tax according to the Income Tax Act. See the examples at the end of this document.

3. External entertainment/representation

External representation can take the form of food and drink served during conferences or meetings with external partners. It can also include gifts presented to guests in connection to study visits, visitors from abroad, inaugurations, jubilees, etc.

Gifts
Whether an external party is to be presented with a gift is decided on a case-by-case basis. Gifts from the University’s gift shop are preferred.

Scope
Only those persons directly involved in the contact between the University and the guests should be included in representation. The number of University representatives should not exceed the number of guests, unless it is specifically justified. Family members of University employees may only be invited in exceptional circumstances. This may be the case during international visits or visits abroad when the guests are accompanied by their family members.

At home
Entertainment at home is only permitted in exceptional cases and such expenses always have to be pre-approved by the immediate supervisor. Documentation of the same type as with restaurant representation has to be provided, i.e. written receipts for all items, the purpose of the entertainment and a list of attendees.

Costs
The costs for external representation are stipulated in the Appendix and may not be exceeded.

4. Internal entertainment/representation

Internal entertainment and representation taking the form of food, drink, and other benefits may be permitted during staff parties, farewell occasions or staff conferences.

Venue
The regulations for internal representation apply to functions held on or off University premises.

Meals served during internal entertainment and representation
For meals to be deemed non-taxable, functions should be occasional; meetings held regularly, for example every other week, are not regarded as occasional functions. Planning retreats need to be documented for meals to be regarded as non-taxable. Documentation shall include the context of the retreat, its aim and contents, as well as the employee groups involved.

Business lunches
Business lunches, that is, meals not included in the categories of staff meetings, staff party, internal course or conference, should be avoided, if possible. If they occur, participants should be taxed. If expenses are to be claimed, the organiser of the meeting, or someone he/she delegates the responsibility to, should report fringe benefits tax to the HR Office. A form is available on Inslaget under HR.

Committees, board meetings, departmental meetings, etc.
Costs incurred in serving coffee, cake, simpler sandwiches, sweets, fruit or similar edibles in connection to meetings (e.g. board meetings, committee meetings or departmental meetings) are not deemed entertainment and representation, but are regarded as operating costs. These edibles are exempt from tax for employees, as long as the refreshments cannot replace an entire meal.

Internal conferences, working groups, etc.
Food and accommodation costs incurred in connection with internal courses, planning retreats and similar arrangements are deemed operating costs. Fringe benefit taxes are not payable,
provided that a detailed programme is followed during the event. The programme should include at least six hours per day, or three hours per day if it is a lunch-to-lunch meeting.

**Measures taken to create a congenial atmosphere**

An example of a permitted measure taken to create a congenial work atmosphere is when the University treats employees to morning and afternoon coffee/tea. Light refreshments such as cake, simpler sandwiches, sweets, fruit, etc. may also be regarded as such measures and not as internal representation and are therefore deemed operating costs. Heads may take decisions on such measures.

**Staff party, Christmas lunch, staff meetings, etc.**

Employer-funded staff parties with food, drinks, etc. may not take place more than twice a year. Staff meetings at which refreshments are served may not be held more frequently than once a month, or else employees will be liable to pay tax on these fringe benefits.

**Costs**

The costs for internal entertainment and representation are stipulated in the Appendix and may not be exceeded.

5. **Decisions about entertainment/representation**

If possible, all entertainment and representation shall be pre-approved by the immediate supervisor, who also approves invoices. No one has the right to approve expenses involving themselves. If a dean, for example, has attended a function, the vice-chancellor has to approve the invoice. All the vice-chancellor’s documents for domestic entertainment and representation shall be approved by the university director, and non-domestic entertainment expenses by the chair of the university board. The university board’s expenses are approved by the vice-chancellor.

6. **Alcohol and entertainment/representation**

The University shall be a drug-free workplace and according to the alcohol and drugs policy, no employees may use or be under the influence of alcohol during working hours.

**External entertainment and representation**

External entertainment expenses may only include wine or beer if served with a meal and after working hours. The amount of wine or beer is limited to two servings and liquor is never permitted.

**Internal entertainment and representation**

In connection with internal courses and conferences no alcohol is included in representation. In special cases, the vice chancellor or the university director can permit alcohol to be served in connection with an evening meal. The amount of wine or beer is limited to two servings.

7. **Gifts and celebrations**

Gifts presented to employees are usually taxable at their market value. Employees are under certain circumstances exempted from paying tax on Christmas gifts, jubilee gifts and tokens, as listed below. Gifts may not comprise money or something that may be exchanged for cash. If gift vouchers cannot be exchanged for cash, they are not regarded as monetary gifts.

**Christmas gift**

The Christmas gift is given and decided by the vice-chancellor.

**Birthday**

Employees are celebrated on their 50th birthdays. The faculty/department/equivalent may present a gift up to a certain value (see Appendix), if the person has been employed by the government for at least six years. If the period of employment has been shorter, the employee is given flowers, as on farewell occasions.
Long and faithful service award
On behalf of the vice-chancellor, employees are commended for long and faithful service after thirty years of government employment. A gift is presented on the occasion of a lunch.

Examination: Licentiate seminar, doctoral defence
Representation is permitted in connection with licentiate seminar and doctoral defence. This applies to lunch before the seminar/defence without the licentiate/doctoral student, or lunch after the seminar/defence with the examinees. It is also permitted to offer mingling refreshments after the examination event and to give flowers to the examinee.

Further external representation aiming to strengthen external networks in connection with visitors to the licentiate/doctoral examination is permitted, but only without the examinee to emphasise that the representation is unrelated to the examination.

Regular rules for representation apply. The number of external participants should exceed the number of internal participants.

Employees who earn a licentiate or doctorate, who are promoted to associate professor/reader [docent], or appointed as professors at the University may be congratulated with flowers. Expenses may be incurred as per the Appendix.

Farewell occasions
Employees who leave University employment for another reason than retirement, and who have been continuously employed at the University for at least a year, may be presented with flowers by the faculty/department/equivalent, up to the specified value.

Long-term illness
The faculty/department/equivalent may present flowers to employees who are sick-listed for a longer period, up to the specified value.

Retirement
On their retirement, employees are honoured by the faculty/department/equivalent with flowers and a gift. If the employee has been employed by the government for at least six years in total, the value of the gift may not exceed the amount indicated in the Appendix. If the employee has been employed for a shorter period, flowers are presented, as with farewells.

Condolences
On behalf of the employer, the faculty/department/equivalent may pay respect to a deceased employee with flowers, up to the specified value.

Costs
The costs for gifts presented to employees are stipulated in the Appendix and may not be exceeded.

8. Required documentation
Reimbursement claims have to be supported with invoices/equivalent documentation, combined with the following details:
- Date of entertainment/representation;
- Purpose of entertainment/representation;
- Name, profession or function of all participants and the organisations they represent.

When applicable, a programme shall be attached. If the invoice does not clearly indicate which items are included, further specification shall be required. The University does not approve of or reimburse claims for tips given in connection to entertainment or representation. The same documentation is required for internal and external entertainment/representation, as well as for entertainment at home. Documented claims may be monitored or subject to random checks to ensure that rules are complied with.

9. Bribery and corruption
The penal codes regulates corruption, pertaining both to bribing (i.e. giving, promising or offering a public official undue advantage in the exercise of his/her duties) and being bribed
Bribery and corruption in the public sector are always subject to public prosecution, which means that the public prosecutor is under obligation to investigate crimes brought to the attention of the police or prosecutor.

Whether an advantage is deemed undue or not depends on the individual circumstances of each case. Advantages are considered undue if they are so attractive that they can be assumed to influence recipients in the exercise of their public duties. Acceptable advantages include, for example:

- Moderate gifts;
- Occasional and not too extravagant representation meals;
- Focused shorter study trips, courses and conferences without expensive social programmes;
- Christmas and birthday gifts, within reason.

Generally speaking, the rules are stricter for employees in the public sector than in the private sector. Karlstad University employees may never take advantage of their positions. Certain categories of employees are particularly vulnerable and are advised to be cautious, such as employees who exercise public authority (i.e. admission and grading), handle procurement, register study results in LADOK, or issue degrees or certificates.

University employees may not be exposed to or expose themselves to suspicion of corruption. Any gifts/advantages that are given or accepted have to be appropriate and should be a natural part of the duties of the employee, as well as an expression of generally acceptable forms of socialising. Employees are always obliged to keep informed about current regulations. To avoid committing a bribery offence, employees need to reject a bribe clearly and promptly. In cases of uncertainty, contact the University’s financial manager, an auditor, or a legal adviser.
Examples of fringe benefits tax
Examples of when fringe benefits in connection with lunch/dinner are taxable/non-taxable. Contact a financial officer for clarification.

<table>
<thead>
<tr>
<th>Activity/Event</th>
<th>Description</th>
<th>Taxable fringe benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business lunch</td>
<td>Participants in a meeting are offered lunch.</td>
<td>Yes</td>
</tr>
<tr>
<td>Visit from external guests</td>
<td>For example study visits from other institutions. The guests ought to be in the majority.</td>
<td>No</td>
</tr>
<tr>
<td>Informational meeting for staff with light refreshments</td>
<td>For example a staff meeting with the vice-chancellor, with coffee and cake.</td>
<td>No</td>
</tr>
<tr>
<td>University management meeting</td>
<td>Regular meetings.</td>
<td>Yes</td>
</tr>
<tr>
<td>Staff party/ Christmas lunch</td>
<td>Congenial staff activities may only occur twice a year.</td>
<td>No</td>
</tr>
<tr>
<td>Staff training/internal course, at least 6 scheduled hours per day</td>
<td>KaU arranges a course for staff, e.g. introduction for new employees.</td>
<td>No</td>
</tr>
<tr>
<td>Staff training/external course</td>
<td>Employees participate in a course/conference not organised by KaU.</td>
<td>Yes</td>
</tr>
<tr>
<td>Planning retreat, at least 6 scheduled hours per day</td>
<td>A department goes to a conference venue to plan activities.</td>
<td>No</td>
</tr>
<tr>
<td>Board meetings</td>
<td>E.g. the university board, boards of research centres, company boards.</td>
<td>Yes</td>
</tr>
</tbody>
</table>
## Appendix: Costs

<table>
<thead>
<tr>
<th>Type of entertainment representation</th>
<th>Karlstad University’s expense limit (excl. VAT)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>External entertainment/representation</strong></td>
<td></td>
</tr>
<tr>
<td>Meal (lunch, dinner, or late dinner)</td>
<td>SEK 650/person</td>
</tr>
<tr>
<td>Quick meal</td>
<td>SEK 70/person</td>
</tr>
<tr>
<td>Theatre visit or equivalent event</td>
<td>SEK 350/person</td>
</tr>
<tr>
<td>Gifts</td>
<td>SEK 300/person</td>
</tr>
<tr>
<td><strong>Internal entertainment/representation</strong></td>
<td></td>
</tr>
<tr>
<td>Meetings (committees, boards, departments, etc.)</td>
<td>SEK 100/person</td>
</tr>
<tr>
<td>Staff party (max. 2/year), incl. Christmas lunch of which meal</td>
<td>(SEK 1350/person)</td>
</tr>
<tr>
<td>of which other expenses</td>
<td>SEK 1000/person</td>
</tr>
<tr>
<td>Theatre visit or equivalent event</td>
<td>SEK 350/person</td>
</tr>
<tr>
<td><strong>Gifts to employees</strong></td>
<td></td>
</tr>
<tr>
<td>Christmas gift</td>
<td>Annually decided by the vice-chancellor</td>
</tr>
<tr>
<td>Customary jubilee gift</td>
<td>Determined by the vice-chancellor</td>
</tr>
<tr>
<td>Long and faithful service award</td>
<td>Presented by the vice-chancellor</td>
</tr>
<tr>
<td>Birthday gift (50 years)</td>
<td>SEK 800</td>
</tr>
<tr>
<td>Farewell gift</td>
<td>SEK 800</td>
</tr>
<tr>
<td>Retirement gift</td>
<td>SEK 1200</td>
</tr>
<tr>
<td>Flowers</td>
<td>SEK 250</td>
</tr>
<tr>
<td><strong>Other operating expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Planning retreats (excl. travel and board) of which meals</td>
<td>(SEK 1350/person and day)</td>
</tr>
<tr>
<td>of which other expenses</td>
<td>SEK 1000/person and day</td>
</tr>
<tr>
<td>Internal conferences (excl. travel and board) of which meals</td>
<td>(SEK 1350/person and day)</td>
</tr>
<tr>
<td>of which other expenses</td>
<td>SEK 1000/person and day</td>
</tr>
<tr>
<td>Internal courses (excl. travel and board) of which meals</td>
<td>(SEK 1350/person and day)</td>
</tr>
<tr>
<td>of which other expenses</td>
<td>SEK 1000/person and day</td>
</tr>
<tr>
<td>Planning retreats, internal courses and conferences (excl. travel)</td>
<td>SEK 2400/per and day/night</td>
</tr>
</tbody>
</table>

1 Internal courses are arranged by the University for employees.