

Summary of Revisions to Business and Finance Bulletin G-28
Effective April 1, 2013

[Business and Finance Bulletin G-28](#), Travel Regulations, has been revised to include the following changes:

1. Clarification of policy applicability to LBNL

- Travel *not* within the scope of the LBNL contract is covered by the provisions of this policy. (Section III A, pg. 6)

2. The reimbursement rate for business use of a private automobile is increased to 56.5 cents per mile, and the reimbursement rate associated with a move or relocation is increased to 24 cents per mile. (Appendix A, pg. 48)

Note: Rates are subject to change; please refer to most recent established rates.

3. Clarification of the definition of “business purpose” and requirement that a business justification for the trip be specified in the travel reimbursement request.

- **Business Purpose.** The business purpose of a University traveler may include activities that contribute to any one of the University’s major functions of teaching, research, patient care, or public service, or to any other substantial and bona fide University business activity. (Section II, pg. 4)

4. Adoption of a special allocation rule for foreign travel expense, as required by the IRS regulations.

• **Foreign Travel**

Under IRS regulations, foreign travel expenses are subject to a special allocation rule that is used to disallow certain nonbusiness travel expenses. The disallowed expenses are treated as taxable income to the employee, and are computed as follows:

$$\frac{\downarrow \text{Number of nonbusiness days divided by}}{\text{Total number of business and nonbusiness days}} \times \text{Total travel expenses}$$

See Section VII., Frequently Asked Questions, for the four situations where the special allocation rule does not apply to nonbusiness foreign travel expenses. (Section V E.2.b., pg. 28)

VII. Frequently Asked Questions

How will it be determined that a trip will be primarily for *personal* reasons? In accordance with IRS regulations, the presumption is that if the time spent on personal activities **exceeds** 50% of the total time, the trip will be treated as primarily *personal* unless there are other factors that would cause the trip to be treated as primarily business.

What are the four situations where the special allocation formula for foreign travel (see section V.E. 2.B) does not apply to nonbusiness expenses incurred in foreign travel?

Even if you did not spend your entire time on business activities, your trip is considered entirely for business *if you meet at least one* of the following four exceptions:

Exception 1: No Substantial Control. A trip is considered entirely for business if you did not have substantial control over the arranging of the trip. The fact that you control the timing of the trip does not, by itself, mean you have substantial control over the arranging of the trip. You do not have substantial control if you are: a). an employee who was reimbursed or paid a travel expense allowance; and b). are not related to your employer; and c). are not a managing executive who has the authority and responsibility, without being subject to veto by another, to decide on the need for business travel.

Exception 2: Travel Outside the United States for No More than One Week. A trip is considered entirely for business if you were outside the United States for a week or less, combining business and nonbusiness activities. A week means seven consecutive days; in counting the days, the day you left the United States is not counted, but the day that you return to the United States is counted.

Exception 3: Less than 25% of Time is Spent on Personal Activities. A trip is considered entirely for business if: a). You were outside the United States for more than one week, and b). You spent less than 25% of the total time you were outside the United States on nonbusiness activities. For this purpose, count both the day your trip began and the day the trip ended.

Exception 4: Vacation is Not a Major Consideration. A trip is considered entirely for business if you can establish that a personal vacation was not a major consideration, even if you have substantial control over the arranging of the trip. (Section VII, pg. 46)

5. Lodging expense incurred within the continental United States less than thirty days should be reasonable for the location of travel, and lodging that exceed 200% of the federal lodging per diem should be explained.

- It is recommended that when lodging expenses **exceed 200%** of the federal per diem for the locality of travel, the traveler submit additional documentation supporting the higher lodging rate incurred. (Section V E.2.a.i. pg. 26)

6. Travelers should seek out *longer* term parking at airports for travel that exceeds twenty four hours.

- Travelers should seek out the **longer term parking accommodations** at airports or common carriers when travel is expected to exceed twenty four hours. (Section V, D.3.d., pg. 23).

7. Recommendation that travelers be cost conscious when seeking transportation methods to or from the airport.

- Local public transportation fares (e.g., buses, subway, streetcars) shall be allowed. The cost of shuttle service (including airport limousine service, if appropriate) to and from an airport or railroad station, plus reasonable tips, is allowable to the extent such service is not included in air or rail fares. Taxi fares, including tips, shall be allowed when the use of alternative transportation is impractical or not available. The **cost must be reasonable** in relation to personal car use costs, including parking, tolls, etc. When

traveling to and from the airport from the home location **travelers should be good stewards of the University's resources** and be mindful of the costs associated with the transport method selected. (Section V, D.6.a., pg. 24).

8. Specifies that the traveler must be more than forty miles from the headquarters or home, whichever is closer, before overnight lodging will be reimbursed.

- For a trip of less than 24 hours that includes an overnight stay, reimbursement shall be authorized as follows:
 - a. CONUS Travel
 - Actual cost of lodging and M&IE, subject to the daily maximum amount set forth in Appendix B for M&IE incurred on travel of less than 30 days. The maximum amount for a single day shall be authorized for the entire trip, even if the trip takes place over two consecutive days. The traveler must be at **least forty miles** from the headquarter location or home, whichever is closer, to be reimbursed for an overnight stay. (Section V, E.3.a., pg. 32).

9. Increase in the reporting period to submit travel expense reimbursements from the current twenty one days to no longer than sixty days.

- **Reporting Period**

The Travel Expense Voucher must be submitted to the campus accounting office within a reasonable amount of time not to exceed 60 days after the end of a trip unless there is recurrent local travel, in which case vouchers may be aggregated and submitted monthly. When a trip lasts more than 90 days, the traveler must submit a quarterly report of expenditures to the campus accounting office. (Section V, I.1, pg. 41).

10. Definition of higher-cost airline service to include early check-in and priority boarding.

- **Business or First Class.** Use of business or first-class or other higher-cost services (e.g., **priority boarding or early check-in**) may be authorized under the circumstances listed below. Documentation of such circumstances must be provided on the Travel Expense Voucher. (Section V, D.2.a., pg. 16).

11. Rental cars may include up to an intermediate size vehicle per the terms of the UC-negotiated rental agreements, and recommendation that employees purchase supplemental insurance when renting a vehicle outside the United States.

- A vehicle may be rented when renting would be more advantageous to the University than other means of commercial transportation, such as using a taxi. **Advance reservations should be made whenever possible and may include up to an intermediate-size model, per the terms of UC-negotiated rental agreements. Vehicles up to an intermediate-size model should be used unless a no-cost upgrade is provided.** When the University's rental contracts provide for refueling charges at a negotiated rate, this option may be selected to purchase fuel in advance. Hand-held or uninstalled GPS devices should not be rented unless the traveler is

unfamiliar with the location of travel. Use of other higher cost upgrades requires exceptional approval.

- It is recommended that employees **purchase supplemental insurance** when **renting a vehicle outside the U.S.** (Section V, D.3.b., pg. 21).

12. Travel that involves indirect itineraries or is otherwise interrupted for personal reasons must have a cost comparison based upon what UC would have paid for the business portion of the trip.

- **Indirect or Interrupted Itineraries**

Obtaining advance approval is suggested when a traveler takes an indirect route or interrupts travel by a direct route, for other than University business. Any resulting additional expenses shall be borne by the traveler. The reimbursement of expenses shall be limited to the actual costs incurred or the charges that would have been incurred via a usually traveled route, whichever is less. The cost comparison should be based on what UC would have paid, which can be obtained by a Connexus-related travel agency prior to or at the time of booking the trip. Any resulting excess travel time will not be considered work time, and will be charged to the appropriate type of leave. The employee shall be responsible for accurate reporting of such leave time. (Section V, D.1.f., pg. 15).

13. Reminder that any expense considered personal are not reimbursable.

- Under no circumstances shall expenses for personal travel be charged to, or be temporarily funded by, the University, unless otherwise noted in this Bulletin (including Direct Bill – Connexus). When a University employee travels under the sponsorship of a non-University entity, travel expenses, including advances, prepayments, or billings, shall not be charged to a University account or billed to the University; airline tickets must be obtained from the sponsor. (Section III, D, pg. 7).
- When any personal leave is taken while on official travel status, the number of personal days must be specified on the Travel Expense Voucher and/or the expenses associated with such personal days of travel. Note that any personal expenses incurred in a trip will not be reimbursed by the University. (Section V, I.2.a, pg. 42)