

New York University

University Policies

Title: Business Expenses
Effective Date: July 15, 2004
Revised Date: June 9, 2017
Issuing Authority: University Chief Financial Officer
Responsible Officer: University Controller

Policy

New York University (“the University”) funds may be used only for necessary and reasonable expenses that support the [mission](#) of the University.

Purpose of the Policy

This policy is intended to ensure proper stewardship of University funds by providing guidelines for their appropriate use, and outlining procedures that will help members of the University community comply with all applicable rules and regulations.

Scope of the Policy

This policy applies to any member of the University community who initiates, processes, approves, or records financial transactions that involve University funds. This policy does not apply to NYU Langone Medical Center (or its component parts: NYU Hospitals Center, its affiliates, and New York University School of Medicine).

This policy does not apply to externally sponsored agreements that are governed by the Sponsored Programs Administration Handbook and administered by the Office of Sponsored Programs and Post Award Administration. Please refer to the *Sponsored Programs Administration’s Post Award Policies and Procedures Handbook* (SPA Handbook - nyu.edu/spahandbook) for information and guidance regarding allowable and unallowable expenses associated with sponsored research.

Definitions

These definitions apply to these terms as they are used in this policy:

Accountable Plan Rules

In order to be considered an accountable plan by the IRS, expenses incurred by employees or independent contractors must have a business connection, the individual must adequately account to the University for these expenses within a reasonable time (60 days) and the individual must return an excess reimbursement or allowance within a reasonable time (60 days). If all three conditions are met the reimbursement can be excluded from the individual’s taxable income.

Approver

The individual granted the authority to review and approve (or reject) transactions that require the use of University funds. The physical signature (on forms) or electronic signature (in AP Workflow, i-Buy NYU) of the “Approver” signifies that the “Approver” has verified the request for compliance with applicable University policies.

Business Expenses

Charges for goods and services that foster or support the missions of the University.

Conflict of Interest

A situation in which an individual or any of his/her family or associates either (1) has an existing or potential financial or other material interest that impairs or might appear to impair the individual’s independence and objectivity of judgment in the discharge of responsibilities to the University, or (2) may receive a financial or other material benefit from knowledge of information confidential to the University.

Documentation, or Substantiation

Documents that describe and support a business expense or transaction, such as original receipts or other original vendor-generated documents that show type of expense, amount of expense, and date the expense was incurred.

Discretionary Funds

Unrestricted funds allocated by the University to a school, department, or unit that may be used for expenses that further support their various missions in accordance with the Business Expenses Policy of the University.

Fringe Benefit

An extra benefit supplementing an employee’s salary (e.g., a company car, subsidized meals, or health insurance).

Accounting Principles Generally Accepted in the USA (GAAP)

Fundamental principles of accounting that are used as guidance in the University’s financial policies and procedures as well as in the preparation of the University’s financial statements.

Gross Income

Refers to items of value received by an employee from the University, including compensation as well as those reimbursements employees receive for business expenses they incur that do not meet the “accountable plan” criteria.

Initiator

An individual who generates a business transaction. The initiator should be in compliance with all University policies when executing a transaction.

NYU

The University and all University Affiliates, and includes the schools, colleges, institutes, and other administrative units of the University, all University Affiliates, and the Global Network University sites, as such terms are defined in the Policy on Policies.

Reasonable

Not extreme or excessive. A cost may be considered reasonable if the nature of the goods and services reflects prudent action.

Reviewer

An individual who verifies information and ensures that a transaction complies with the policies and procedures of the University, along with other relevant external guidelines and restrictions.

Stewardship

The careful and responsible management and protection of the University's resources, which includes ensuring that resources are used appropriately or used according to applicable policies of the University.

Transaction

A commitment by the University involving the exchange of money or property, an obligation to perform services requiring payment or use of University resources, or the assumption of a liability (e.g., indebtedness) or potential liability, currently or in the future (e.g., NYU agreeing to indemnify another party).

University Community

All NYU faculty, including visiting faculty; researchers, including persons participating in research at or under the auspices of NYU; employees; professional staff, including medical, dental, and nursing staff; volunteers; fellows, trainees, and post-doctoral appointees; students; and consultants, vendors, and contractors.

University Funds

All funds received from internal or external sources and owned by the University, which carry fiduciary responsibilities.

Procedures for Implementation

Introduction

Business expenses are those costs that are incurred for activities that benefit the University and advance its missions of being a “top quality international center of scholarship, teaching and research”. Business expenses may take the form of direct payments to individuals or organizations that provide the University with goods or services, or reimbursements to University employees for costs they incur on behalf of the University.

University funds may be used only for business expenses. This policy provides the guidelines on the various expenses for which University funds may be used. It is intended to provide general guidelines to help all employees of New York University specifically to:

- understand their responsibilities related to the protection, use, and management of University funds;
- identify expenses that may be charged to specific University funds;
- determine expenses for which University funds may not be used;
- properly record and report expenses incurred in support of University missions; and,
- ensure consistent compliance with applicable federal, state, and local regulations.

Before incurring or approving any expense on behalf of the University, you must know which expenses are allowable or unallowable under the guidelines of the federal government and which are permissible or non-permissible according to the policies of the University. To avoid costs for which you will not be reimbursed and to avoid incurring financial risks or liabilities to the University, follow the guidelines provided in this document and the SPA Handbook (nyu.edu/spahandbook).

Policies executed by schools, departments and units can be more restrictive than the University policy. Enforcement of the more restrictive policy will be the responsibility of the school, department or unit. In no case can a school, department or unit have a policy less restrictive than the University policy.

Stewardship Responsibility

All individuals who incur or authorize business expenses on behalf of the University have a responsibility to ensure that University funds are used appropriately. All employees of the University are expected to exercise due diligence when generating, reviewing, and approving transactions that commit to the expenditure of University funds.

Transaction Authority

Certain individuals are delegated the responsibility or authority to initiate or enter into transactions that commit the University to spend funds. All individuals incurring, approving,

recording or processing payment of business expenses must know the signatory approval structure established in his/her school, department, or unit. This structure ensures that business expenses are properly reviewed and authorized. *The Signature Authority Policy* and the Delegated Authority Database (which details the signatory approval structure established in each school, or unit) can be found at <http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/signature-authority-policy.html>.

Conflict of Interest

The Board of Trustees of New York University prohibits those activities or behavior which conflict with the best interests of the University. Transactions therefore between a supplier of goods or services and the University in which a conflict of interest exists are prohibited.

“Conflict of interest” is defined as a situation in which a University official, faculty, staff, or any of his/her family or associates either has an existing or potential financial or other material interest that (1) impairs or might appear to impair his/her independence and objectivity of judgment in the discharge of responsibilities to the University, or (2) may receive a financial or other material benefit from knowledge of information confidential to the University.

For specific rules and requirements established by the Board of Trustees, see the Conflict of Interest Policy of the University at <http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/conflict-of-interest-policy.html>.

The Office of Sponsored Programs (www.nyu.edu/osp) provides additional rules and requirements that apply to sponsored programs.

University Policies on Procurement and Expense Reimbursement

To avoid incurring costs for which you may not be reimbursed, or committing the University to costs that cannot be paid using University funds, consult the procurement policies of the University at <http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/purchasing-policies-and-procedures-manual.html> before you incur the expense. Certain expenses may be subject to specific procurement rules and requirements of the government.

Individuals who incur business expenses using personal funds may be reimbursed by the University through Accounts Payable. Refer to the [Expense Reimbursement Policy](#) of the University for specific guidance.

Allowable and Unallowable Expenses

Certain expenses that the University deems legitimate and permissible may be deemed unallowable by the federal government. University funds may be used for such expenses, but they must be identified and segregated in the University’s general ledger. Please refer to the [SPA Handbook](#) for information and guidance regarding allowable and unallowable expenses associated with Sponsored Research.

NYU Non-Permissible Expenses

General Comments

Any expense that does not support the missions of the University and does not reflect proper stewardship is considered by the University as non-permissible regardless of the source of funds.

When the non-permissible expenses listed below are submitted to the University for reimbursement or payment, they will be rejected, unless they are justified in a memo as necessary in carrying out a University task or function. The memo should provide a clear explanation of why such an expense should be deemed a business expense, and should be submitted to the “Approver” (the individual responsible for funds being charged) for review and approval. Accounts Payable will not process any payment or reimbursement of non-permissible expenses unless the memo is attached.

Personal Expenses

Personal expenses refer to those expenses that are not related to any activity of the University, are not required in carrying out an individual’s task or responsibility at work, or do not benefit the University. Personal expenses include, but are not limited to, the following:

- Automobile repairs
- Child care
- Credit card annual fees
- Delinquency fees or finance charges on the NYU Travel and Entertainment Card (“T&E Card”) or personal credit cards
- Dues in private clubs
- Frequent flyer and other similar awards for hotel and car rentals
- Grooming services (haircuts and shoe shines)
- Gym and recreational fees, including massages and saunas
- In-room movies
- Pet care
- Telephone charges in excess of what is deemed reasonable for calls to home when on business travel (see “Expenses Related to Business Travel” section in this document)
- Traffic violation penalties
- Upgrades (air, hotel, car, etc.) when traveling on University business
- Expenses that will be reimbursed from another source
- Any fraudulent expense

Other Non-Permissible Expenses

Other expenses for which University funds cannot be used are:

- Expenses that should not be paid using personal funds (e.g., independent contractor fees, stipends, cash gifts, etc.; these types of expenses should be charged directly to the University)
- Any expense prohibited by law (e.g., University funds cannot be used for payments or donations to political organizations or candidates)

NYU Permissible Expenses

General Comments

Expenses that support the missions of the University are deemed valid and therefore permissible. The following sections of the document detail those expenses that are generally deemed permissible.

Payment Methods

University employees are advised to use established University methods to incur business expenses. A business expense should be paid by the University directly to the vendor using the Procurement Card or i-Buy NYU (refer to the University's [Buying and Paying Guide](#) for further guidance). When expenses are related to travel, the T&E Card or the Departmental Travel Card should be used.

Certain expenses may be incurred by University employees in the conduct of University business using personal funds. These expenses may be reimbursed when University and government requirements are met (see the [Expense Reimbursement Policy](#) of the University for specific guidance). They may also be excluded from an individual's taxable income if they meet IRS requirements for an "accountable plan."

Sales Tax

- New York Sales Tax Exemptions on Purchases of Meals and Lodging

The University is exempt from New York sales tax for meal and lodging expenses provided the following conditions are met: the retailer directly charges the University for the meals or lodging; the University directly pays the retailer with a University check / ACH or a University corporate card (such as Purchasing cards, Bookstore Cards, Fleet Cards, Student Club Cards, and CTA cards) ; and the University is not reimbursed, in whole or in part, by donation or otherwise, for its payment for the meals or lodging by those consuming the meals or lodging. Personal expenses are not eligible for the University's sales tax exemption.

The sales tax exemption will not apply if the meal or lodging is paid using a personal credit card.

- Out-of-State Sales Tax Exemptions for Meals and Lodging

Certain lodging and meal expenses incurred while traveling on University business outside of New York may be exempt from state sales tax. The University qualifies for travel-related sales tax exemptions in New Jersey, Massachusetts, Florida, Missouri, Illinois and Washington, DC.

The relevant exemption forms for the above-listed states can be obtained from askfinancelink@nyu.edu. In order to obtain exemption, the University must make the payment directly to the hotel or restaurant using a University corporate card or check / ACH.

The out-of-state sales tax exemption will not apply if the meal or lodging is paid using a personal credit card.

- Purchase of Other Goods and Services

The terms and conditions for NYU's purchase order include an exemption from sales tax. The University's sales tax exemption is also available when purchasing goods and services using University corporate cards. In cases where using a University Corporate Card is not permissible, the University will provide its sales tax exemption certificate (Form ST-119) upon request submitted to askfinancelink@nyu.edu with a specific supplier named for the purchase of goods and services. Please send the request including the vendor's name and address to askfinancelink@nyu.edu at least 2 weeks prior to the purchase date.

1. Expenses Related to Business Travel

The University deems permissible those expenses related to business travel that are reasonable and necessary to conduct University business. Individuals who travel on University business are responsible for verifying availability of funds, permissibility of expenses, and obtaining necessary approval prior to departure.

1.A Transportation

- Air Travel

Travelers are expected to choose the lowest priced, most feasible airfare available at the time of booking. The traveler can use a preferred airline, when available and when it satisfies the low-cost requirement. 14-day advance purchase of airline tickets is recommended.

Travelers are expected to purchase economy-class travel. Business class travel may be allowed for transoceanic flights and continuous flights > 6 hours, but must be pre-approved by the Dean or Senior Leader of the unit or the travel will not be reimbursed. Deans and Senior Team individuals should seek pre-approval for Business Class travel from the Executive Vice President or Provost. For Senior Leadership with global responsibilities, it is assumed travel is approved and business class is authorized without pre-approval. Upgrades to first-class and business-class will not be reimbursed.

Examples where Business Class may be approved include:

1. Compressed Travel (traveler must report to work immediately after flight);
2. Health considerations;
3. Travelers whose job descriptions include > 50% responsibilities which are global in nature (outside their "home location), as determined by their supervisor.
4. Critical Event/emergency related travel

Premium Economy will be reimbursed without prior approval if the total cost of the upgrade is <\$100 and continuous flight time is > 6 hours.

Travelers are encouraged to book travel using one of the NYU preferred booking tools at <http://www.nyu.edu/life/travel-and-transportation/nyu-traveler.html>.

For travel related to NYU Abu Dhabi please refer to the *NYU Abu Dhabi Travel and Accommodation Policy* at <https://intranet.nyuad.nyu.edu/files/travel-accommodation-policy.pdf> (NYU Home login credentials required).

The University will not reimburse airline tickets purchased using frequent flyer miles.

- Travel by Rail

Rail travel may be used whenever feasible and/or when it is more economical than air travel. Travelers are expected to choose the lowest economy priced fare available. Individuals are encouraged to take advantage of University discounts by booking preferred rail services. Preferred vendors for rail services can be found at: <http://www.nyu.edu/life/travel-and-transportation/nyu-traveler/discounts.html>

- Ground Transportation

Travelers will be reimbursed for ordinary and reasonably priced ground transportation to and from airports or railroad stations when such service is not included in air or rail fares, and for regularly available transportation between the traveler's hotel and other points of business.

Ordinary taxi rides that are taken while on University business are permissible. Car services may be used if approved by the school, department, or unit.

Preferred vendors for car services can be found at <http://www.nyu.edu/life/travel-and-transportation/nyu-traveler/discounts.html>

In the case of frequent car service use, please contact NYU's Global Travel Team at nyutraveler.info@nyu.edu. The Global Travel team can assist your school, department or unit with opening an account with a preferred vendor.

- Personal Vehicles

Employees may use personal vehicles for business travel when doing so is less expensive than renting a car or taking a taxi. Valid expenses related to the use of personal vehicles for business travel are reimbursed based on the Federal

government's standard mileage rate, which covers the use of the vehicle and gasoline. A new rate is issued each January by the IRS; for current rate, see <http://www.nyu.edu/employees/resources-and-services/financelink/buying-paying/employee-reimbursement-and-advances/standard-mileage-rate.html>

Costs of repairs to personal vehicles during business travel are deemed personal expenses; University funds cannot be used for such expenses.

Before using personal vehicles for business travel, check the requirements of your school, department, or unit. Prior approval, in some cases, may be necessary. The owners of those vehicles used for University business are responsible for ensuring adequate insurance coverage for their protection and for the protection of any passengers. Their personal auto insurance carrier is deemed the primary insurance carrier. NYU does not protect the driver or the owner against loss resulting from bodily injury or damage to property. Contact the **[Insurance & Enterprise Risk Management Department](#)** of the University for Specific Guidance.

Frequent use of personal vehicles for University business is discouraged.

- Rental Cars

Costs related to rental cars are deemed valid business expenses when renting a car is less expensive or more feasible than other transportation options available. Reimbursable costs include daily rental fee, mileage fee, tolls, and authorized insurance charges. Non-reimbursable costs include but are not limited to vehicle repairs, parking tickets, and fines for traffic violations. Individuals are encouraged to take advantage of University discounts by booking preferred rental car services. Preferred vendors for rental car arrangements can be found at <http://www.nyu.edu/life/travel-and-transportation/nyu-traveler/discounts.html>

To minimize risk and liability to yourself and to the University, you are advised to determine and understand the insurance provisions and requirements of the University before renting a car for business travel, as well as to determine from the rental car agency what your insurance coverage and liability responsibilities are. Departments who authorize students to rent a car for University business should first check with the University's Insurance & Risk Management Department for specific insurance requirements. Students are not covered under the University's insurance program. For more Insurance information refer to the Insurance & Enterprise Risk Management website at <http://www.nyu.edu/insurance>.

- Travel Insurance

The purchase of reasonable travel insurance coverage for visitor and employee business travel is permissible subject to the approval of an employee authorized under the University Signature Authority policy. Reasonable travel insurance includes: trip cancellation, trip interruption and delay, baggage/personal effects and baggage delay. If you are unsure whether travel insurance you wish to reimburse is reasonable please contact the Controller's Division at askfinancelink@nyu.edu. For parties of 5 or less, travel insurance can be purchased during the reservation process. For parties of 5 or more the Procurement Travel Office can assist with the purchase of travel insurance.

1.B Meals

Individuals who travel on University business are reimbursed for meal expenses they incur. The University reimburses meal expenses in two ways: according to actual, substantiated costs, or at an established “per diem” rate. Travelers cannot switch between these two methods in one trip; the method travelers choose applies to all meal expenses incurred throughout the trip.

The University permits the use of University funds for employees’ meal expenses only when overnight business travel is involved, or when employees are away from their normal work location for an entire day on University business (e.g., all-day conference or meeting “off-campus”).

When opting to be reimbursed based on the actual costs of each meal, travelers are required to provide itemized receipts or other appropriate documentation for all meals taken throughout the trip (if itemized receipts are not provided travelers should provide a written confirmation no alcohol was consumed). Alcohol costs should be segregated in a separate account in the University’s general ledger (account # 65183) from other meal costs when reporting expenses.

Gratuities for meals are deemed part of the meal cost and will be reimbursed by the University provided these are reasonable (that is, do not exceed 20% of total meal cost).

The alternative to keeping receipts and other appropriate documentation for each meal during travel is the “per diem,” or being reimbursed at an amount set as meal and incidental expense allowance for each day of travel. Per diem only applies when overnight travel is involved. It is permissible to utilize the combined meals and incidental expense rate when reimbursing based on the per diem method. Per diem rates for meals and incidental expenses are outlined as follows:

- The General Services Administration sets rates for travel within the 48 contiguous states. These rates can be found at <http://www.gsa.gov/portal/content/104877>.
- The Department of Defense sets rates for Alaska, Hawaii and U.S. Territories and Possessions. These rates can be found at <http://www.defensetravel.dod.mil/site/perdiemCalc.cfm>.
- The State Department sets rates for International Travel. These rates can be found at <http://www.state.gov/travel>.

When reporting meal and incidental expenses for reimbursement based on the per diem rate, you are required by the U.S. General Services Administration to prorate the meal and incidental expense allowance for the first and last day of your trip. The first and last calendar day of travel is calculated at 75 % of the locale’s per diem.

1.C *Lodging*

Individuals who travel on University business are encouraged to select University preferred properties, when available. If University preferred properties are unavailable, individuals should select standard accommodations at reasonably priced mid-market hotels on or close to the location of the business using \$300/day without meals and taxes as a standard maximum cost guideline. Costs that are charged to the hotel room are deemed valid and reimbursable if they are related or necessary to University business and are reasonable. The final hotel folio, which reflects all charges made to the room, is required for reimbursement. A list of University preferred domestic and international Hotels are available at <http://www.nyu.edu/life/travel-and-transportation/nyu-traveler/discounts.html>.

A small non-cash gift, in lieu of lodging is allowed if employee stays with friends or family.

1.D *Telephone, Fax, and Internet Usage*

Costs related to telephone calls, internet activities, and faxes that are made in connection with the conduct of University business are deemed permissible. Necessary for reimbursement is an original phone bill or the final hotel folio that itemizes costs and identifies the organization/party contacted, or receipts that include a notation specifying the party contacted or the event/project to which the costs relate.

Personal calls to home while on business travel are deemed valid reimbursable expenses, so long as they are reasonable.

1.E *Cash Advances*

The University allows a maximum of \$500 on a seven-day period to be issued as a cash advance to any University employee about to travel on University business. Exceptions to the \$500 limit must be approved by the Office of the Controller. The amount may be issued by check through Accounts Payable, or withdrawn from any participating Automated Teller Machine (ATM) using the T&E Card. You will be assessed a fee on your withdrawal; this fee is reimbursed as part of your business expenses.

Cash advances are intended for anticipated expenses that are best paid in cash, and for which the T&E Card may not be feasible (e.g., taxi fare, gratuities, etc.).

Cash advances may not be used for airfare, lodging, conference fees, or other substantial costs that can be paid using the T&E Card, or can be “prepaid” and invoiced through Accounts Payable. Because of tax implications, cash advances may not be used for service payments such as honorariums, or for gifts, prizes, or awards.

Cash advances must be cleared within 60 days from the “end date” of the trip or event specified on the cash advance request in AP Workflow.

Abuse of cash advance privileges may result in revocation of such privileges.

1.F *Insurance (Business Travel)*

Travelers should contact the [Insurance & Enterprise Risk Management Department](#) prior to domestic or foreign travel for insurance requirements that may apply.

1.G *Extended Travel*

For foreign travel that extends up to one year please refer to the [Faculty and Administrators on a Short-Term Global Assignment Policy](#).

1.H *Cancellations, Unused/Voided Tickets*

Tickets that have been purchased using personal funds for future trips that are subsequently cancelled may be reimbursed provided the reason for cancellation is beyond the individual's control. Unused tickets have a cash value and should be safeguarded in a secure location. Contact the airline or rail line about future use of such tickets.

1.I *Miscellaneous Expenses Incurred While on Business Travel*

Other expenses that are incurred while on business travel will be deemed permissible so long as they are necessary and reasonable. Such expenses include, but are not limited to, the following:

- overnight delivery postage for business documents;
- laundry/dry cleaning when travel exceeds five business days;
- visa, passport/consulate fees (for foreign travel); and,
- business supplies, such as presentation materials, that were not anticipated.

1.J *Non-Employee Travel Expenses*

Each School Dean/Unit Head or other designee is responsible for determining the reasonableness or maximum amount of the payment/reimbursement and may establish additional written criteria, beyond this policy, for determining expenditure eligibility.

It is acceptable for a University employee to take family with them when traveling on University business. If a University employee incurs additional costs (airfare, larger hotel room upgrades, meals, transportation, etc.) related to that family member (or any non-employee, non-business related travel), these expenses are not reimbursable unless pre-approved by the Dean, Unit Head or other designee. Expenses incurred for accompanying companions/spouses are taxable except on occasions when attendance of a companion/spouse at an event serves a bona fide business purpose for the University and the presence of the companion/spouse is essential (not just beneficial) to the employee being able to carry out the business purpose for the university.

In these cases, the business and/or travel expense should be authorized in writing by the School Dean/Unit Head or other designee. The written approval must be submitted with the expense report and must detail the business purpose served by the companion/spouse's attendance at the event and how the companion/spouse's presence was essential in carrying out that business purpose.

Amounts paid by the University for companion/spousal travel and/or business expenses will be included in the employee's W-2 as taxable wages unless the companion/spouse's attendance at the event meets the above requirements. Departments should consult the Taxation Department prior to making commitments to reimburse for companion/spousal travel and/or business expenses as the reimbursement may be taxable to the employee.

Student Travel

Travel expenses of NYU students are deemed valid business expenses only in cases listed below:

Case 1: When the students are also NYU employees and travel is related to their employment.

Case 2: When travel itself and the expenses incurred are related to a specific program or department function and are approved by the department (e.g., travel to attend a conference or to visit a field site or laboratory facility).

Case 3: When travel directly supports a faculty member's project or research program, or is an integral part of the student's degree work.

Lecturers and Official Guests

The travel expenses of non-employees such as lecturers, official guests and the spouses of official guests are permissible only when the travel serves a legitimate business purpose and is approved in advance by the school, department, or unit responsible for the expense. The travel expenses of foreign visitors may also be paid with University funds provided the visit is related to University business and the visitor enters the United States on an appropriate visa. When submitted to the University for payment or reimbursement, these expenses should be appropriately documented. The "Approver" responsible for the funds charged should attach a memo or other appropriate documentation to a payment or reimbursement request explaining why such expenses should be paid with University funds.

Volunteers

Volunteers are individuals who are not on University payroll but who perform duties or functions for the University on a voluntary basis (e.g., alumni who volunteer to assist in University events). The travel expenses of volunteers are permissible when the travel serves a legitimate business purpose and is approved in advance by the school, department or unit responsible for the expenses.

The business and/or travel expense should be authorized in writing by the School Dean/Unit Head or other designee. The written approval must be submitted with the expense report and must detail the business purpose served by the volunteer's attendance at the event and how the volunteer was essential in carrying out that business purpose.

2. *Meals (Non-Travel) and Other Expenses Related to Business Meetings and Events*

Meals (that are not related to travel) and other costs that are related to business meetings and University events are permissible when they advance University missions. Alcohol costs should be segregated in a separate account in the University's general ledger (account # 65183) from other meal costs when reporting expenses.

Meals at Business Meetings

A business meal is defined as a meal taken with University faculty, staff, or students which may or may not include others from outside the University at which a substantial and bona fide business discussion takes place. The University requires the following for reimbursement:

- 1). Substantiation of the meal itself as having a business purpose, which involves providing the reason for the meal itself, the names of individuals or group of individuals present, and the affiliations of those present.
- 2). Adequate documentation, which identifies specific costs.

See the [Expense Reimbursement Policy](#) of the University for more information on reimbursement of business meals.

University funds cannot be used to pay for meals for which there is no clearly documented business purpose.

3. *Meetings, Events, and other Business Activities*

Costs related to meetings, events, and activities that advance University missions are permissible. Such activities include informational or training sessions provided by one administrative unit to representatives of a school or another administrative unit, or meals for employees attending a meeting onsite that extends over meal periods.

Costs related to activities involving official guests of the University are permissible so long as they are reasonable and have prior approval of the person responsible for the funds charged. All costs must be justified and properly substantiated in order to be deemed valid for payment or reimbursement. See the [Expense Reimbursement Policy](#) of the University for Specific Guidance on documents required by both the University and government.

4. *Conference, Seminars, and Development*

University funds may be used for costs related to conferences, seminars and other professional development activities that University employees attend. These costs should be approved by the school or Professional department before being incurred.

5. *Goods and Services*

General Procurement Guidelines are available in the [Procurement Policies and Procedures Manual](#).

6. *Professional and Other Services*

Independent Contractors and Consultants

The University allows schools, departments, or units to engage the services of independent contractors or consultants when the needed skills or expertise are not readily available within the University.

The classification and reporting of payments to individuals who provide services to the University as independent contractors and consultants are subject to specific Federal regulations. Incorrect classification of a service provider as an independent contractor may subject the University to significant tax penalties and other risks.

Therefore, those intending to engage the services of independent contractors and consultants are required to submit a new supplier request form in i-Buy NYU to ensure all appropriate information is obtained prior to the start of the engagement.

Honorariums, Gifts, Prizes, Awards to Non-Employees

University funds may be used for an amount or item presented as a gesture of goodwill or in appreciation of efforts and time given by individuals to the University, such as a guest lecturer or a speaker from outside the University. The University requires that such expenses be reasonable and made under conditions or circumstances that do not create a significant likelihood for the gesture to be deemed as “disguised” payment. Such costs must not be charged directly or indirectly to a federally sponsored account.

Honorariums are considered taxable income to the individual receiving the benefit.

External Legal Services

- Only the Office of General Counsel (“OGC”) is authorized to engage the services of outside legal counsel. Please refer to the *OGC Outside Counsel Guidelines*, which can be found at <http://www.nyu.edu/about/leadership-university-administration/office-of-the-president/general-counsel/redirect/using-outside-counsel.html>
- All invoices for outside legal counsel must be reviewed and approved by OGC prior to payment. The Accounts Payable Department in the Controller’s Division (or the counterpart at a global site through which the legal bill will be paid) will not allow payment for legal services unless the invoice has been approved for payment by OGC (or their delegate).
- In order to ensure timely payment for services rendered, and to ease the burden on schools and units, OGC will process the payment for all legal services invoices other than those paid through a global site. In those situations in which charge-backs occur, charge-backs normally will be made within 30 days of invoice payment.
- Expenditures for all legal services will be recorded solely in account **60430-Legal Fees**.

7. *Expenses Related to Improvement of Working Conditions and Relations*

University funds may be used for expenses related to the improvement of working conditions and employee relations (e.g., gifts and awards). Expenses in this category should be reviewed on a case-by-case basis, approved by the Department Head, Dean or other designee, justified through a memo, and supported by appropriate documentation. Because they primarily benefit individual University employees and students, these expenses may be deemed taxable income to the individual receiving the benefit unless the expense has a bona fide business purpose and is sufficiently documented.

For documentation to be deemed sufficient and to avoid inclusion as income in the employee's W-2, it should establish the amount, time, and place of purchase as well as the business purpose of each expenditure. For gifts, the business relationship of the University with the recipient must also be established.

All documentation should be collected and maintained as support for the exclusion of fringe benefits in W-2 income. If the record keeping requirement is not satisfied, the employee will be taxed on the entire benefit received. (See the [Expense Reimbursement Policy](#) of the University for information on documentation requirements.)

Gifts, Prizes, Awards to Employees

The University recognizes the contribution of employees to the furtherance of University missions and may on occasion confer gifts, prizes or awards as tokens of appreciation. Specific requirements apply for gifts, prizes, and awards to be deemed excludable from the recipient's taxable income.

Gifts: Cash gifts (including gift certificates) are considered taxable income and are subject to withholding tax. Non-cash gifts or gifts of property are exempt from tax if the value of the gift is so small it would be unreasonable for the employer to account for it. The University defines \$400 of total non-cash gifts given to one employee in one calendar year as exempt from tax.

- Length of Service Award: To be considered a "length of service award" and excluded from taxable income, the award must be tangible property and not cash, gift certificates or other cash equivalents. Additionally, all the conditions below must apply:
 - The employee presented with the award has been employed by the University no less than five years.
 - The employee did not receive another length of service award during the same year or in any of the prior 4 years.
 - The value of any non-cash gift given to any one employee during the tax year will not be subject to tax if the award is less than \$400. If the award is greater than \$400 contact the University Tax department.

Flowers, Fruit Baskets, Donations, etc.

University funds may be used for flowers, fruit baskets, and small memorial donations when these expenses are incurred under reasonable and appropriate circumstances (such as when an employee or a student is hospitalized, when an employee retires, or when an immediate family member of an employee is ill or dies).

Note: Any cash donation given to an employee must follow the guidelines provided above on gifts, prizes, and awards.

Office Parties and Events

University funds may be used for expenses related to office parties and events that are intended to foster better relations among employees and improve working conditions. It is necessary however to itemize the expenses, provide adequate documentation, explain the specific purpose of the event, and provide a list of individuals (or groups of individuals) involved.

8. *Expenses related to employment*

Expenses related to employment are subject to the Human Resources policies of the University. Consult the University's HR Department before incurring employment-related expenses, including those listed below.

9. *Institutional Development*

University funds must not be used for payments, donations, or contributions to political organizations or candidates.

Lobbying activities intended to advance University missions are in general deemed unallowable under Federal guidelines but may be deemed permissible by the University. Expenses for such activities must receive prior authorization from the Office of University Relations and Public Affairs.

10. *Recruitment*

All job applicant candidates who must travel to the University for an interview must obtain prior authorization for travel related expenses and comply with University policies and maximums for all transportation, meal and lodging expenses. All expenses must be documented in accordance with the University expense reimbursement policy.

11. *Relocation*

Expenses related to the relocation of employees are deemed business expenses only when they are deemed appropriate and reasonable, are authorized by an appropriate University designee, and when they satisfy the following conditions established by the IRS:

- i. Distance: The new principal place of work must be at least 50 miles farther from the employee's old residence than the old residence was from the employee's old place of work. If there was no old place of work, the new place of work must be at least 50 miles from the old residence.
- ii. Length of Employment: During the 12-month period immediately following the move, the employee must be employed full time for at least 39 weeks.
Commencement: In general, the move must be in connection with the commencement of work at the new location and the moving expenses must be incurred within one year from the time the employee first reports to the new job or business.

Relocation or moving expenses are deemed either taxable or non-taxable income to the employee.

1) Taxable relocation expenses

Relocation expenses that may be deemed in certain cases as permissible by the University are deemed taxable income to the employee under IRS guidelines. Regardless of whether they are paid directly by the University to the vendor or are issued as reimbursement to the employee, the University is required by law to include payments for these expenses as income in the employee's W2 Form and to deduct appropriate withholding taxes on this income from the employee's paycheck. These expenses include, but are not limited to, the following:

- personal expenses
- pre-move house hunting, including travel, meals and lodging
- any part of the purchase of a new home or sale of the old home, including real estate fees incurred when leaving former residence and acquiring a new one
- expenses related to getting or breaking a lease
- loss on the sale of the old home
- mortgage penalties
- losses from cancellations of club memberships
- meals and lodging while occupying temporary quarters
- in-transit storage charges beyond 60 days

2) Non-taxable relocation expenses

Expenses that are deemed non-taxable refer to expenses incurred to move household goods and personal effects from a former residence to the new residence, as well as those related to the new employee's travel from the former residence to the new. Such expenses include:

- packing of furniture and personal items;
- transportation of furniture and personal belongings from the previous principal place of residence to the new principal place of residence;
- insurance and in-transit storage for periods of up to 60 consecutive days;

- travel and lodging costs, excluding meal costs, associated with one trip to move from old to new residence.

Non-taxable relocation expenses, however, may either be reportable or non-reportable to the government:

2a) Non-taxable and non-reportable

Non-taxable relocation expenses are not reported in the employee's W-2 only when they are paid directly by the University to the moving company or vendor.

2b) Non-taxable but reportable

When the non-taxable relocation expenses however are issued as reimbursement to the employee, the reimbursement is deemed reportable. The University is required under Section 132 of the Internal Revenue Code to "report" the reimbursement in Box 12 of the employee's W2. The amount reported in Box 12 is not deemed income; it has no impact on the tax treatment of an individual's gross income. Box 12 serves only to "inform" the IRS of any reimbursement the University issues to individuals according to requirements specific to certain types of expenses.

Wherever possible, therefore, a Purchase Order should be processed to arrange for direct payment from the University to a moving company or vendor for qualified moving expenses.

12. *Membership in Professional Organizations, Professional Dues/Fees, Subscriptions*

Membership or professional dues or fees are deemed business expenses only when membership is primarily for University purposes or representation of the University in the organization or association. Subscriptions are also deemed business expenses when they are for publications related to the functions of individuals in the University. Payment or reimbursements for some expenses of this kind may be deemed taxable income to the individual receiving the benefit. Please consult the [Global Tax Compliance Department](#) for further information.

13. *Home Office Costs*

University funds may be used for costs incurred by certain individuals who need, or are authorized, to work from home occasionally. These costs however must be necessary to meet official job duties, and should be approved before being incurred. Justification and appropriate substantiation are necessary for expenses related to home office functions to be paid from University funds.

14. *Payments to Foreign Nationals*

Payments to foreign nationals authorized to perform services in the United States are subject to specific tax rules and regulations. For detailed information, visit the [Tax Guidance and Compliance](#) page on FinanceLink.

Contacts

Direct any general questions about the Business Expenses Policy to your department's administrative office. If you have questions about specific issues, call the following offices:

FinanceLink for:

- Accounts Payable Customer Service
- Insurance Issues
- Policy Clarification
- Procurement Customer Service
- Tax Issues

(212) 998-1111

AskFinanceLink@nyu.edu

Office of General Counsel for:

- Contracts, Leases, etc.
- Record Retention

(212) 998-2240

University Compliance Hotline

(877) 360-7626

Related University Policies

- *Conflict of Interest Policy*
<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/conflict-of-interest-policy.html>
- *Expense Reimbursement Policy*
<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/expense-reimbursement.html>
- *Faculty and Administrators on a Short-Term Global Assignment Policy.*
<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/faculty-and-administrators-on-a-short-term-global-assignment-pol.html>
- *Outside Counsel's Policy*
<http://www.nyu.edu/about/leadership-university-administration/office-of-the-president/general-counsel/redirect/using-outside-counsel.html>
- *Petty Cash Fund Policy*
<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/petty-cash-funds-.html>
- *Procurement Policies and Procedures Manual*
<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/purchasing-policies-and-procedures-manual.html>
- *Record Retention Policy*
<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/retention-and-destruction-of-records.html>
- *Signature Authority Policy*
<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/signature-authority-policy.html>
- *Sponsored Programs Administration's Post Award Policies and Procedures Handbook*
<http://www.nyu.edu/research/resources-and-support-offices/sponsored-programs-administration-handbook.html>

Other Resources

- Applicable IRS Regulations and Guidelines.
- NYU Traveler at <http://www.nyu.edu/life/travel-and-transportation/nyu-traveler.html>