

### **130.4 Meals**

#### *Generally*

As long as the expenses are bona fide business expenses and are substantiated, meal and entertainment expenses will not be included in taxable income. For those employees who are entitled to receive reimbursement for actual amounts expended for meals, documentation should be maintained with receipts showing dollar amounts expended and explanation on back as to time, place, purpose, and individual(s) involved.

#### *Meals While Traveling*

Refer to University [travel policies](#) for guidelines related to meals while traveling on University business.

#### *Meals at University-Operated Dining Facility*

The value of meals provided by the University to employees can be excluded from the employees' gross income as a de minimis fringe benefit, provided that the dining facility 1) is owned or leased by the employer, 2) is operated by the employer or by a food services business under contract to the employer, 3) is located on or near the school's premises, 4) provides meals either during, or immediately before or after, the employees' workday, and 5) the annual revenue from the facility equals or exceeds its direct operating costs (IRS Treasury Regulation 1.132-7(b)). In addition, the dining facility must not discriminate in favor of highly compensated employees, such as officers, directors, or trustees of the institution. (IRS Treasury Regulation 1.132-7(a)).

Based on the above regulations, the cost of meals to employees for dining in on-campus facilities may be discounted no more than an amount that the facility, or all dining facilities in the aggregate, can generate annual revenue at least equal to the direct cost of operating the facility. Direct operating costs included in this calculation are the cost of food and drink, the cost of labor primarily performed on the premises, and the amount paid to any third-party operator. Discounted meals to employees can only be offered while the employee is on duty or within a reasonable time frame before the employee begins the workday or after the employee completes the workday.

Treasury Regulation 1.119(a)(2) allows an exclusion from wages for the value of any meal furnished without charge to employees who reside in university housing as a condition of employment, such as Resident Assistants (RAs). Such meals must be provided for the convenience of the University, rather than as an additional form of compensation. Whether the meals are provided for the convenience of the University is based on facts and circumstances, such as the following.

- Meals are furnished to the employee during his working hours to have the employee available for emergency call during his meal period.
- Meals are furnished to the employee during his working hours because the employer's business is such that the employee must be restricted to a short meal period, such as 30 or 45 minutes, due to the nature of the employee's work.