

C. TRAVEL OF LESS THAN 24 HOURS

When the entire length of a trip is *less than 24 hours*, M&IE shall not be reimbursed unless the travel includes an “overnight stay” as supported by a lodging receipt.¹ If the traveler is unable to provide a receipt, he or she must include a statement with the Travel Expense Voucher explaining why a receipt is not available (e.g., the traveler lodged with a friend or relative, stayed overnight at the airport, or took alternative transportation that required the traveler to be away overnight).

An exception to the overnight-stay requirement may be allowed when a traveler incurs a meal expense in connection with a business meeting (e.g., a working lunch scheduled as an integral part of a meeting or conference). The business purpose of the meal must be explained on the Travel Expense Voucher or substantiated by other documentation (e.g., an agenda), which should be attached to the Voucher. Reimbursement for the cost of the traveler’s meal is allowed up to the maximum amounts set forth in BUS-79.

For a trip of *less than 24 hours* that includes an overnight stay, reimbursement shall be authorized as follows:

1. 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.

2. Foreign and OCONUS Travel

Actual cost of lodging, not to exceed the applicable federal per diem rate (see Appendix B). For continuous travel of 21 hours or more, one full per diem should be authorized for M&IE. The per diem must be prorated for travel of less than 21 hours, in accordance with Section VIII.B.3.b.; however, reimbursement may be authorized only if the travel involves an overnight stay. A lodging receipt must be provided or a statement explaining why a receipt is not available, even if the traveler claims the per diem method of reimbursement.

Appendix C provides additional information on the reimbursement of M&IE expenses for travel of less than 24 hours.

¹ The overnight-stay requirement does not apply to meal reimbursements authorized under BUS-79, Expenditures for Business Meetings, Entertainment, and Other Occasions.

TRAVEL OF LESS THAN 24 HOURS
M&IE REIMBURSEMENTS

The IRS Taxable Fringe Benefit Guide (“IRS Guide”) states that in order for the reimbursement of meals and incidental expenses (M&IE) to be excludable from a traveler’s income, the individual must be “away from home” in the pursuit of business on a temporary basis. Merely working overtime or at a great distance from an employee’s residence does not create excludable reimbursements for travel expenses if the employee returns home without spending the night or stopping for substantial “sleep or rest.”

Section VIII.C. prohibits the reimbursement of meal expenses for travel of less than 24 hours unless the traveler is away from his or her home overnight *as supported by a lodging receipt* or other evidence explaining why the traveler was unable to obtain a receipt.

The following examples from the IRS Guide illustrate the application of the “overnight rule”:

Example 1: A consulting engineer works with clients in a three-state area by making one-day trips to each client. She frequently leaves home at 6:30 a.m. and does not return until midnight. During the day, she stops in a rest area and closes her eyes for 20 minutes to refresh herself for the drive. She cannot deduct the cost of her meals on these trips because she is not away from home long enough to obtain substantial sleep or rest.

Example 2: An employee is required to travel from Milwaukee to Madison to work on a project. She leaves home at 11:00 a.m. on Monday, with plans to return home the same day. She is unable to complete the project on Monday, so she spends the night in Madison. After completing the project the next day, she returns to Milwaukee by 10:30 a.m. Even though the employee had not planned to spend the night and is gone for less than 24 hours she has met the “away from home” rule because she spent the night away from her tax home on business.

Example 3: An employee is required to travel from Dallas to Houston to work for the day. The employee leaves home at 6:30 A.M. and returns that night at 10:00 P.M. On the trip home the employee stops for dinner and rests in the car for two hours. Even though the employee has been away from home for substantially longer than his/her normal work day, the employee is not considered to be in travel status. Courts have ruled that stopping for a meal or a rest in a car does not meet the substantial “sleep or rest” rule.

Example 4: A government agency supplies office equipment to all agencies within the state. An employee drives a tractor-trailer with equipment from the warehouse in Sacramento to an agency in San Diego. After 10 hours the driver stops and rents a room

at a rest stop for a four hour nap before completing the round trip. Since the driver rented a room in order to sleep, he/she is considered to have met the "sleep and rest" rule. Reimbursements for meals and lodging are not taxable to the employee.
