



**Contents:**

- I. Overview
- II. Applicability
- III. Definitions
- IV. Accountable Plan
- V. Roles & Responsibilities
- VI. Reporting Time Frame – Employees
- VII. Exemption for Extended Business Trips
- VIII. Exemption for Non-Travel Allowances
- IX. Reporting Time Frame – Students & Non-Employees
- X. Reimbursements for Foreign Nationals
- XI. Processing Other Non-Qualified Reimbursements
- XII. Processing Exceptions
- XIII. Contacts
- XIV. Appendixes
  - Appendix A – Quick Reference Guide to University Reimbursement Policy
  - Appendix B – Exception Request Form
  - Appendix C – Informational Handout for Visitors

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**I. Overview**

The purpose of this document is to ensure sound business practices and proper reporting of travel, entertainment and non-travel business expenses in compliance with external regulations, including tax regulations under the Internal Revenue Code, federal cost regulations under Office of Management and Budget (OMB) Circular A-21, donor terms, and sponsor guidelines.

This policy highlights the following:

- When receipts are reimbursable vs. when they are paid out as reportable income.
- The time frame for requesting exceptions.
- How the policy is to be applied to employees, students and non-employees.
- The definition of an extended business trip and time frame for reporting these expenses.
- How to process reimbursements.

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## **II. Applicability**

The Reimbursement Policy applies to the following individuals traveling, entertaining, or incurring non-travel business expenses on behalf of the University, and who are seeking reimbursement for those expenses from the University, regardless of the funding source:

- Employees of the University.
- Undergraduate and graduate students whose travel, entertainment, and non-travel business expenses are being reimbursed by the University.
- Non-employees who have been invited to the University or have been authorized to travel, entertain, or incur non-travel business expenses on behalf of the University.

**Note:** Items of an unusual nature should be discussed with the FAS Office of Finance before submission of an expense for reimbursement. Federally funded projects may have additional requirements/restrictions.

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## **III. Definitions**

- A. Employees** – Defined as faculty (Senior, Junior, and Visiting faculty), exempt and non-exempt staff, Internal Post-Doctoral Fellows/Research Fellows (object code 6150), and Teaching Assistants (object code 6152).
- B. Undergraduate and Graduate Students** – Are always considered students even if on the University payroll (Temporary Employees, Teaching Fellows, Research Assistants) and should not be treated as employees for the purpose of this policy.
- C. Non-employees** – Job applicants, prospective students, guest lecturers, invited guests with no Harvard appointment, and other visitors.
- D. Foreign Nationals** – Are non-employees from other countries who are not U.S. citizens or Lawful Permanent Residents (with Green Cards).
- E. “Performers”** – Visiting lecturers, speakers at symposia, performers (actors, directors, musicians, professional athletes, celebrities), and others receiving similar service payments for performing or providing services at a performance or event.
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#### **IV. Accountable Plan**

Harvard maintains an Internal Revenue Service “accountable plan” under which reimbursements for travel, entertainment, and non-travel business expenses are not required to be reported as income to the employee. Under the accountable plan, travel advances and reimbursement of expenses must meet three requirements:

1. Advances and reimbursements must be made only for travel, entertainment, or non-travel business expenses that directly benefit the University.
2. Employees must provide a statement (with appropriate documentation) substantiating the amount, time, use, and business purpose of the expenses within a reasonable period of time.
3. Any amount paid to the employee that is more than the business-related expenses adequately accounted for must be returned within a reasonable period of time.

Any expenses that fail to meet all three rules for the accountable plan **must be treated as income** to the employee and reported to the IRS on Form W-2 (subject to withholding of employment taxes) or Form 1042-S (subject to section 1441 withholding), as applicable.

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#### **V. Roles & Responsibilities**

**Authorized approvers** have primary responsibility for ensuring compliance with the University Reimbursement Policy as they are more familiar with expenses incurred on behalf of their departments or centers. The authorized approver should have authorization over the account being charged and cannot be the individual seeking reimbursement.

**Employees, students, and non-employees** traveling on business or incurring entertainment or non-travel business expenses on behalf of the University are responsible for complying with University and FAS policy and procedures. Individuals should exercise the same, if not greater, prudence and care in incurring expenses for the University as they would for their own personal expenses.

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#### **VI. Reporting Timeframe – Employees**

**A. Within Sixty (60) Days** – Departments have 60 days from the end date of a trip or the date an entertainment or non-travel expense was incurred to submit reimbursement requests to the University Travel Office. Individual departments are strongly encouraged to set their own internal deadlines to ensure timely submission of requests.

**B. Beyond Sixty (60) Days** – Claims submitted for reimbursement more than 60 days after the completion of a trip or the date on which an entertainment or non-travel expense was incurred will be treated as income to the employee unless extenuating circumstances exist.

Such claims must be processed as an Additional Pay – Gifts/3<sup>rd</sup> Party (LRB – Late Reimbursement over 60 Days) through ASPerIN. Copies of all receipts should be attached to the Additional Pay form and forwarded to the appropriate FAS Payroll Services Coordinator. Original receipts should be returned to the traveler. **“Grossing-up” of these payments to offset tax consequences is strictly prohibited.**

For charges on sponsored funds, fringe associated with these transactions must be journaled to non-sponsored sources of funding.

- C. Exceptions Granted between Sixty-One and Ninety Days** – Departments may request an Exception Approval from the FAS Office of Finance to process receipts as reimbursements instead of income if compelling, extenuating circumstances exist. The FAS Office of Finance cannot grant exceptions under any circumstances for receipts older than 90 days.
- D. More Than Six (6) Months** – Any claim left unreported for more than six months (182 days) after the completion of a trip or the date on which an entertainment or non-travel expense was incurred will not be reimbursed, granted an exception, or paid as additional pay by the University.
- E. While on Leave** – Business expenses incurred by an employee while on leave (e.g. sabbatical or personal leave) must be submitted for reimbursement within the time frame outlined above.
- F. Prepayments** – Payment of expenses charged to Harvard GE Corporate Cards may be made in advance of a trip or an entertainment event to ensure timely payment and to avoid late fees. Travel expenses charged to personal credit cards or paid out-of-pocket will not be reimbursed in advance.

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## **VII. Exemption for Extended Business Trips**

An extended business trip is defined as one taken by a full-time employee that is in excess of thirty (30) consecutive days but less than one year. [**Note:** Leaves do not qualify for this exemption.]

- A. Initial Expenses** – An initial expense report must be submitted to the Harvard Travel Office preferably within 90 days, but no later than 120 days, from the beginning of the trip or the date of the first expense incurred related to the trip (e.g. airfare).
- B. Subsequent Expenses** – Subsequent expense reports are required preferably every 90 days, but no later than 120 days, thereafter.

In such cases, an Exception Request Form is not required, and the Receipt Report or Universal Expense Form should include the term “Extended Business Trip” at the beginning of the business purpose section.

Expenses submitted for reimbursement that exceed 120 days from the date the expense was incurred will be treated as income to the employee, without exception.

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### **VIII. Exemption for Non-Travel Allowances**

Non-travel reimbursements may be processed outside the 60-day time frame without an exception approval if they are being paid from an annual research allowance (e.g. Annual Budgeted Funds for Research Fellows) or professional expense allocation (e.g. TAD and Instructional Lunch Funds). Employees should make every effort to submit reimbursement requests in the same fiscal year in which the expenses were incurred. However, allowance reimbursement requests must be submitted no later than twelve months from the date the expenses were incurred. [**Note:** Sponsored grants do not qualify for this exemption nor do FAS funds 000770 (Faculty Research/Startup Funds) and 000775 (Annual Dean's Allowance).]

In such cases, the Receipt Report or Universal Expense Form should include the term "Allowance Reimbursement" at the beginning of the business purpose section.

Please see **Section XII: Processing Exceptions** for more information.

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### **IX. Reporting Timeframe – Students & Non-Employees**

**A. Timely Submission** – To ensure timely and accurate reporting of expenses, students and non-employees should make every effort to follow the 60-day time frame when submitting requests for travel and non-travel expense reimbursements.

**Note:** Non-employees who qualify as "performers" under the new Massachusetts Withholding Law (effective January 1, 2006) should make every effort to submit their receipts for reimbursement within the 60-day timeframe in order for their travel reimbursements to be treated as working condition fringe benefits.

**B. No Exception Approval Required for Travel Expenses** – Exception Approvals are not required for reimbursement requests from students and non-employees regardless of the time frame within which the requests are submitted.

**C. Prepayments** – The rules associated with prepayments for employees also apply to students and non-employees. No reimbursements are allowed until after the trip or the date on which the non-travel expense was incurred. In cases where expenses have been charged to a Harvard GE Corporate Card on behalf of the student or non-employee, payments may be made in advance of the trip or entertainment if necessary to avoid late fees.

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## **X. Reimbursements for Foreign Nationals**

The University automatically reviews every travel and non-travel reimbursement request from non-employee Foreign Nationals prior to payment to ensure the expenses are reimbursable under federal regulations.

Harvard employees should not use their GE Corporate Cards or PCards to pay travel or non-travel and entertainment expenses on behalf of Foreign Nationals without prior approval from the Office of the Controller because there may be taxable consequences associated with these types of payments. (Contact information is provided at [http://fad.harvard.edu/training/enews/html/200612attachments/Tax\\_Compliance\\_and\\_Reporting\\_Contact\\_List.pdf](http://fad.harvard.edu/training/enews/html/200612attachments/Tax_Compliance_and_Reporting_Contact_List.pdf).)

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## **XI. Processing Other Non-Qualified Reimbursements**

Other expenses such as Spousal Travel which cannot be processed as regular reimbursements should be processed as follows:

- Additional Pay – Gifts/3<sup>rd</sup> Party (NQR – non-qualified reimbursement) through ASPerIN.
- Copies of the receipts should be attached to the Additional Pay form and forwarded to the appropriate FAS Payroll Service Coordinator for processing.
- Original receipts should be returned to the traveler.
- **“Grossing-up” of these payments to offset tax consequences is strictly prohibited.**

**Note:** NQR transactions cannot be charged to federal funds. For charges on non-federal sponsored funds, fringe associated with these NQR transactions must be journaled to a non-sponsored source of funding.

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## **XII. Processing Exceptions**

Requests for Exception Approval are handled by the FAS Office of Finance through an Exception Request Form. Completed forms must be forwarded electronically only by Department/Center Administrators or Financial Officers to [finxcept@fas.harvard.edu](mailto:finxcept@fas.harvard.edu) for approval. Each request will be evaluated individually on the basis of this policy, University policies, and external regulations.

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### **XIII. Contacts**

For further information or assistance with this policy, please contact:

Michael Jackson, Director of Accounting Operations 495-1526

[mjackson@fas.harvard.edu](mailto:mjackson@fas.harvard.edu)

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### **XIV. Appendixes**

Appendix A – Overview of University Reimbursement Policy

Appendix B – Exception Request Form & Instructions

Appendix C – Informational Handout for Visitors

# Overview of University Reimbursement Policy

*Revised September 1, 2005*

0-60 Days		61-90 Days	91-182 Days	183+ Days	Comments
<b>Employees</b>					
How Paid?	Reimbursement	Extra Compensation or Reimbursement with Approved Exception	Extra Compensation *Grossing up prohibited	No Form of Payment Allowed	Includes senior, junior, visiting faculty, exempt and non-exempt staff, internal post-docs/ research fellows (6150) and teaching assistants (6152)
Exception Approval Required?	No	Yes to Receive Payment as Reimbursement	No exceptions can be granted after 90 Days	N/A	Exception approvals can only be granted when extenuating circumstances have occurred (e.g. extended personal illness)
<b>Students</b>					
How Paid?	Reimbursement	Reimbursement	Reimbursement	Reimbursement	Students on the University payroll are not to be treated as employees.
<b>Non-Employees</b>					
How Paid?	Reimbursement	Reimbursement	Reimbursement	Reimbursement	Non-employees, guest lecturers, invited guests and other visitors.
<b>Foreign Nationals</b>					
How Paid?	Reimbursement	Reimbursement	Reimbursement	Reimbursement	*Tax Services must review every travel and non-travel to ensure expenses are eligible for reimbursement.

Refer to full policy or FAS Summary for policy on prepayments and extended business trips.



## Instructions for Processing an Exception Request Form

This form is a Fill-In Enabled MS Word document. You can tab between the fields to enter the information. The fields will increase in size as necessary. In order to email the form to the FAS Office of Finance for approval, select to “Save As” and save on your computer.

Please state all extenuating circumstances but try to keep the Exception Request Form to one page in length.

Per the University’s revised reimbursement policy (effective September 1, 2005), exception approvals to the 60-day policy are not needed for students and visitors regardless of the age of the receipt. Exception approvals cannot be granted under any circumstances by the FAS Office of Finance for faculty/staff wishing reimbursement for receipts that cannot be processed to reach the University Travel office within 90 days from the end of the trip or the purchase date of a non-travel business expense.

### Detailed Instructions to Process Form:

1. Complete sections 1, 2 and 3 of the Request Form.
2. Department Administrators, Financial Administrators or Lab Directors should attach the completed form to an email and send to [finxcept@fas.harvard.edu](mailto:finxcept@fas.harvard.edu). The email should include a fax number to which the approved or denied request can be returned.  
*(Note: Requests will only be accepted by personnel in the three above categories. Any requests from other staff or travelers will be returned for proper routing.)*
3. The FAS Office of Finance will review the request and return the Exception Request Form with either an approval or denial via the fax number provided.
4. If approved, the signed/dated Exception Request Form should be attached to the front of the Web Voucher/ UEF reimbursement or Corporate Card direct payment and sent to Holyoke Center for further processing.

If you have further questions, please call Michael Jackson (5-1526).

## Appendix C – Informational Handout for Visitors

Dear [Visitor's Name]

We are delighted that you will be [visiting, attending, participating in] the [department name, program name, event] on [date]. Below is important information concerning Harvard's travel and reimbursement policies.

### **Airfare and other Transportation**

Since Harvard uses several preferred travel agencies with competitive pricing, we will be happy to make flight arrangements on your behalf. If you wish to use one of the Harvard agencies, please contact [contact name and info].

If you would like to make your own airfare arrangements, you must obtain from the airline or travel agency a receipt showing class of service and proof of payment - not a boarding pass. For electronic tickets, you must obtain a receipt – not a confirmation – showing: passenger name, issue date, ticket number or other proof of payment, total cost, class of service, itinerary or routing of flights, and payment type. Per the federal Fly America Act, if your travel will be reimbursed by federally-sponsored funding, you must use an airline designated as a U.S.-flag carrier. There are some exceptions for international flights. If you are unsure of the funding source, whether your flight qualifies under the Fly America Act, or what airlines are U.S.-flag carriers, please contact [contact name] and we will be happy to answer your questions. Harvard will reimburse for economy class, round-trip airfare for domestic flights. If you are traveling internationally or require different arrangements, please contact [contact name] before making flight plans to determine which class of service will be allowed. First-class service is prohibited to and from all destinations.

If you choose to take the train, Harvard will reimburse the cost of a round-trip standard-rate ticket. [Business class is allowed for Boston to New York City and Boston to Washington, DC, if the ticket is booked through Harvard.] If the itinerary is longer than six hours, please contact [contact name] to determine if first class will be allowed.

Harvard will reimburse for the cost of round-trip cab fare between Boston's Logan Airport and your hotel or [department name]. You may also be reimbursed for the cost of public transportation. If you need to make other transportation arrangements, please contact [contact name].

### **Lodging**

[We have made lodging arrangements for you at [hotel name, location]...]

[If you choose to make your own lodging arrangements, Harvard will reimburse for the cost of a standard hotel room in the Cambridge/Boston area. Attached are suggested hotels. Please be sure upon check-out to obtain a detailed hotel folio or receipt showing daily rates, taxes and fees. If you use an on-line agency – such as Expedia, Orbitz, or Hotels.com, please be sure that you receive from the on-line agency a receipt showing: name and address of hotel, guest name, number of guests, check-in and check-out dates, number of rooms, number of nights, daily rate, taxes and fees, total cost, proof of payment, and date purchased.] Harvard policy does not allow reimbursement for personal hotel items such as mini-bar charges, in-room spa services, or pay-per-view movies.

### **Meals & Incidentals**

Harvard will reimburse for meals taken while traveling and incidental expenses, such as tips. [The Faculty of Arts & Sciences meal limits are \$45 for lunch and \$100 for dinner, *including* tips and taxes.] Harvard cannot reimburse for personal items while traveling, such as newspapers or books.

### **Reimbursement**

Before you leave, please turn in all receipts to [contact name] and sign a Harvard Universal Expense Form (copy attached). If you are not a U.S. citizen or permanent resident, you will need to complete a Foreign National Information Form if you have not done so within the past year (copy attached). Any receipts generated upon your return home, such as taxi service from airport to home, should be submitted within 15 days to the contact and address shown below.

[If you are receiving an honoraria payment, please see the attached information on required Massachusetts tax withholding.] Feel free to contact [contact name, phone number, email, mailing address] with any questions.