

Rules for entertainment and gifts etc. at Stockholm University

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This document contains updated entertainment rules for the entire university. The purpose of the update is to clarify the old entertainment rules and to adjust the value limits for entertainment and gifts at Stockholm University. These rules are primarily intended for those who make decisions regarding entertainment in accordance with the authorization system, but also indirectly for everyone affected by entertainment rules.

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Rules for entertainment and gifts etc. at Stockholm University

1. Introductory starting points

All remuneration that employers gives their employees in a form other than money is known as benefits. The main rule is that benefits that employees receive from their employer are taxable as long as the benefits arise from employment. Exemptions from taxation are regulated by the Swedish Income Tax Act (inkomstskattelagen) and include: entertainment and business gifts, healthy living benefits and food and beverages allowances for business trips.

The rules for entertainment and gifts etc. at Stockholm University are based on the following regulations:

- Swedish Ordinance (2002:831) on Authorities' Rights to Compensation for Input VAT (Förordning (2002:831) om myndigheters rätt till kompensation för ingående mervärdesskatt)
- Swedish VAT Act (Mervärdesskattelagen (1994:200))

From 1 July 2017, an authority is not entitled to compensation for input VAT if the VAT relates to expenses for entertainment or similar purposes.

The rules for entertainment and gifts etc. at Stockholm University will deal, in turn, with the areas of entertainment, gifts and rewards, as well as other benefits. The value limits that apply at the university for different benefits are found in an appendix to the rules. In the event of exceeding the maximum limit for entertainment, a decision is required from the president regarding deviation from the value limit.

A supporting document is available as a supplement to these rules *Ready reckoner for reporting entertainment etc. at Stockholm University*, which describes which criteria apply to the costs of entertainment and how they must be entered in the accounts.

For specific questions regarding benefit taxation for business trips and membership fees (see Sections 4.1 and 4.3), please refer to the Personnel department, which is responsible for forms and information in this regard.

This document will be updated if necessary.

2. Entertainment

There is no definition of the concept of entertainment in tax legislation.

It is the purpose of the gathering itself that determines whether the expenses related to the gathering are considered to be expenses for entertainment.

Expenses for entertainment include meals, food and beverages, related costs such as hotel rooms, theatre tickets etc., as well as expenses for wages, maintenance and movable assets used for entertainment purposes.

Entertainment at Stockholm University can be directed externally at the authority's business connections etc. (external entertainment) or internally at the university's staff in the form of staff parties or information meetings (internal entertainment).

All entertainment at Stockholm University must have an immediate connection to the university's activities. The requirement for an immediate connection to the authority's activities refers to the place and time of the entertainment, as well as the participants. The people taking part in the entertainment must have a direct connection to the activity.

The entertainment must be moderate and frequently recurring entertainment for the same person or group of people must be avoided. Entertainment must not be luxurious but should be and should be perceived as motivated, moderate and suitable for the occasion.

The entertainment must not be of a nature that could endanger the university's good reputation.

Entertainment with alcohol only is not permitted. The presence of alcohol as an accompaniment to a meal must be characterized by moderation, and the cost must be within the total value limit for entertainment. Alcohol-free options must always be provided. Spirits are not permitted except for in the event of visits from foreign guests. Strong beer and spirits or other drinks with corresponding alcohol contents can never be considered a refreshment or other simpler food and beverages for entertainment purposes.

Stockholm University does not pay for tips within Sweden. Employees who pay tips must pay for them privately. In some countries outside the Nordic countries, service is sometimes not included in the prices stated in price lists, menus etc. In these cases, tips may form part of the cost of entertainment in practice.

The concept of entertainment does not cover fees for a social life of a personal nature or individual hospitality. Therefore, entertainment must not take place at home. Entertainment in connection with personal celebrations, e.g. an invitation for business/external colleagues in connection with a 50th birthday, does not count as entertainment in the benefit context since it is of a personal nature.

Rules for entertainment and gifts etc. at Stockholm University applies to all activities regardless of funding for and location of entertainment. The rules apply to all employees and related parties who work in the university's name, but not to students.

Entertainment for the university as a whole is the duty of the President, Vice President, Deputy Vice President and University Director or the person(s) to whom this task is given in each case.

Entertainment for bodies within the university is the duty of the Deputy Vice President for the area, the dean for the faculty, the head of department/equivalent for the department/equivalent and the head of the administrative office for administration or the person(s) to whom this task is given in each case.

All types of entertainment, rewards etc. must be approved in advance.

2.1 External entertainment

External entertainment is aimed at those outside the university and forms a natural part of the university's contact with the outside world, other universities and university colleges, companies etc.

The purpose of external entertainment is to create, maintain and develop external contacts that promote the university's activities.

Entertainment must not be luxurious but should be an expression of customary hospitality.

External entertainment includes expenditure for meals with external participants, simpler food and beverages for entertainment purposes, related costs (e.g. theatre tickets, entrance fees), as well as expenditure for business gifts.

External entertainment can take place in connection with the university's business relations, for example during or after business negotiations etc., and in connection with the authority's significant inaugurations and anniversaries (however, anniversaries are only permitted after 25 years).

In the case of external entertainment, the number of participants from Stockholm University must be well balanced in relation to the number of guests. This means that the number of participants from the university may only exceed the number of external guests in exceptional cases. The participation of the university representative or guest's spouse is not paid for unless there is a special reason.

The university's maximum limit for meal expenses applies to each person, to each meal at each entertainment event. For simpler food and beverages that are served more than once during the same entertainment event, the maximum limit must be applied to each serving occasion separately. If business negotiations take several days, each day constitutes a separate entertainment event.

Meals at work meetings with external participants are not regarded as external entertainment and this also includes expenses for meals at audits, annual general meetings and board meetings, regardless of the number of external members and whether the board members receive payment for their tasks. For university employees, benefit taxation always applies to business meals.

2.2 Internal entertainment

Internal entertainment, regardless of the form of funding, is aimed at the university's internal employees and doctoral students, as well as the entire staff, i.e. a whole faculty, division/department or unit and not at individual employees or smaller task groups.

The gathering must be short (maximum one week) and occasional, i.e. not regularly recurring at short intervals (every week or every two weeks).

The purpose of internal entertainment is to create wellbeing in the workplace.

For tax purposes, only expenses for staff parties count as internal entertainment: meals (breakfast, lunch, dinner) and related costs (e.g. theatre tickets, entrance fees), as well as expenses for meals at information meetings for employees.

Staff parties can be held for university employees a maximum of twice per employee per year and this also includes Christmas dinner.

In an entertainment context, information meetings for employees refer to one-way communication meetings, the purpose of which is to inform employees about major staff /organizational changes.

Meals in connection with internal courses/conferences, for example planning conferences, e.g. about budgeting, personnel issues or organizational changes count as internal entertainment in the benefit context but they are entered in the accounts as operating costs for tax purposes. Teambuilding activities can also be regarded as internal entertainment in the benefit context. If the form of the event or programme means that it is not a conference in the usual sense, the teambuilding activity can belong to the category of staff party etc., which means that it is limited to twice per year.

Meals in connection with internal work meetings do not count as internal entertainment. As a rule, business meals should not be held at the university's expense and if they do, the employees must pay tax on them as a benefit. Business meals include business lunches, meals at planning meetings about ongoing work, project meetings, management meetings, research seminars with lunch, meals during overtime.

2.3 Risk of bribery in entertainment

In connection with entertainment, the risk of bribery must always be considered. Just like other employees in state administration, employees at Stockholm University have a particular responsibility to meet requirements for objectivity and impartiality in the performance of their duties. Employees at the university should avoid the risk of being suspected of corruption, which is why any entertainment in connection with exercising public duty is inappropriate. The same applies in connection with ongoing procurement. Further information on bribes can be found in the university's Guidelines for preventing bribery at Stockholm University.

2.4 Documentation for verification

Expenses for entertainment must be verified with an itemized receipt/restaurant bill or invoice. The verification must be supplemented with the following information:

- the purpose of the gathering which involves entertainment
- the date of entertainment
- programme for conferences, seminars etc.
- list of participants, including everyone who took part (name, role and which organization/company they represent)
- where applicable, the president's decision on an approved deviation from the value limit

- a record and authorization.

3. Gifts and rewards

Gifts can be divided into three categories; (i) promotional gifts, (ii) business gifts and (iii) gifts to employees. Gifts from Stockholm University should be linked to the university and its operations.

3.1 Promotional gifts

Promotional gifts are simpler items not of a personal nature and of relatively low value.

Gifts of this type must be stamped with the university's name or logo and must consist of items from the university's official collection. The cost is regarded as an operating cost and benefit taxation does not apply.

3.2 Business gifts

Business gifts must have an immediate connection to the university's operations and can be given by the university to a representation of another authority, organization or company in connection with significant inaugurations and anniversaries (anniversaries after 25 years at the earliest).

Business gifts include flowers, a book, box of chocolates, fruit basket etc. In the case of business gifts in particular, the risk of giving and taking bribes must be considered.

3.3 Gifts for employees

In general, great restraint must apply when giving gifts to employees.

All types of gifts to employees are tax-free with the exception of money. Money includes payment methods such as cheques, bank drafts and gift vouchers that can be exchanged for money.

The Swedish Tax Agency allows exemption from taxation for gift vouchers for employees that can be exchanged for various goods and which cannot be exchanged for money, shares, trips, restaurant meals etc. or for wine or spirits.

For exemption from taxation to apply, the employer must give the gift to all employees or to a larger group of employees.

The value limits for exemption from taxation for gifts to employees are set by the Swedish Tax Agency. This means that if the value of the gift exceeds the Swedish Tax Agency's value limits including VAT, the whole value of the gift becomes a taxable benefit for the recipient. However, within the university lower amounts may apply to what a gift to an employee may cost. For further information, see the appendix on value limits.

3.3.1 Christmas gifts

Stockholm University does not give Christmas gifts.

3.3.2 Customary anniversary gifts

Customary anniversary gifts are gifts to employees when the authority is celebrating its 25th, 50th, 75th or 100th anniversary, for example. Therefore a tax-free anniversary gift cannot be given earlier than in connection with the 25th anniversary and no more frequently than every 25 years.

3.3.3 Keepsakes

A keepsake is a tax-free gift that is given to a long-serving employee, i.e. with a total employment period of at least six years.

Stockholm University gives keepsakes

- upon termination of long-standing employment
- when awarding NOR (Nit och Redlighet i rikets tjänst, a medal awarded to someone who has been a Swedish state employee for 30 years and has given zealous and devoted service to the realm). At Stockholm University, the NOR award is given to employees who have been employed by the state for at least 30 years or at least 25 years on retirement.

The employer can give long-standing employees a maximum of two tax-free keepsakes, regardless of how many positions the employee has held at the same employer.

At Stockholm University, the maximum limit per person and per occasion is SEK 2,500.

Keepsakes are not given on special birthdays.

4. Other benefits

The starting point is that benefits received in service are taxable. Exemptions from taxation are regulated in the Swedish Income Tax Act. The following exemptions are described in more detail:

- food and beverages allowance for business trips and entertainment
- healthy living benefits.

4.1 Food and beverages allowance for business trips and entertainment

Food and beverages that the employer pays for and the employee does not have to pay for, i.e. free food and beverages, is generally a taxable benefit. This applies regardless of whether it is provided on an ongoing basis or only on special occasions, such as during business trips, external courses and conferences or study trips. Free food and beverages as a benefit are also taxable in connection with trips abroad.

In this context, food and beverages applies to everything that can be eaten or drunk. Refreshments and simpler food and beverages can be covered by the regulations on healthy living benefits and are then tax-free. A crucial factor in whether the free food and beverages will be tax-free is the context in which they are offered to the employee.

Free food and beverages are exempt from taxation in the following cases:

- Free food and beverages on public transport on business trips if the cost is included in the price of the trip. Public transport includes flights, trains and other transport methods which can be used in exchange for payment.

- Free breakfast in hotels in connection with an overnight stay on a business trip if breakfast is included in the price of the room.
- Free food and beverages in the context of external and internal entertainment. For more information on entertainment, see Section 2.
- At a course or conference where the employee is tasked with representing Stockholm University, for example by giving a talk, meals are considered as external entertainment and are therefore tax-free. An employee who is participating in a course/conference in order to better themselves and improve their skills will be taxed on free meals as a benefit.
This applies regardless of whether the employer has paid an attendance fee.

4.2 Healthy living benefits

Healthy living benefits are benefits of lesser value which are offered to all employees in the workplace and which are not a direct payment for work carried out, but consist of simpler measures to create well-being at work. These benefits are tax-free.

Healthy living benefits include simpler types of exercise and other preventive healthcare. Healthy living benefits also include refreshments and other simpler food and beverages in connection with work, which cannot be regarded as a replacement for breakfast, lunch or dinner. Otherwise, they are considered to be a taxable benefit.

4.3 Membership fees

If the employer pays the fee for an employee's membership of an association, network or similar society, this is a taxable benefit for the employee, regardless of whether the membership is required for the post. This applies not only to membership fees for non-profit-making organizations, but also to membership fees for different types of professional and scientific societies.

If the employer also pays a service fee to the association for various services that members can access, this is not a taxable benefit for the employee, provided that the service fee is kept separate from the membership fee and that the membership is essential to their work. In this case, the service fee is an operating cost.

Appendix 1: Value limits for entertainment and gifts

Value limits for entertainment and gifts

For each entertainment event, the threshold for internal and external entertainment includes all costs for lunch, dinner and supper, including drinks. Entertainment can also apply to business gifts, simpler types of food and beverages or other costs, such as related costs of hiring premises, expenses for musical entertainment, entrance fees, theatre tickets etc.

The value limits shown in the table are Stockholm University's maximum limits. These may differ from the Swedish Tax Agency's regulations regarding the highest basis for VAT deductions, which can be found in the document *Ready reckoner for reporting entertainment etc. at Stockholm University*.

Type of entertainment/gift/reward	Maximum cost per person and event (including VAT)
Entertainment	
External entertainment – lunch, dinner or supper	SEK 1,250
Internal entertainment – lunch, dinner or supper	SEK 850
Internal entertainment – Christmas dinner	SEK 1,250
Simpler food and beverages at an external entertainment event	SEK 200
Other costs (related costs for entertainment – hiring premises, tickets etc.)	SEK 350
Gift/reward employee	
Christmas gift	Stockholm University does not give these
Anniversary gift	SEK 1,500
End of service > 6 years and retirement	Keepsake SEK 2,500
End of service > 6 years, defence of doctoral thesis, title of "docent", appointment of professor	Simpler reward with flowers and food and beverages SEK 500 flowers SEK 200 food and beverages
Death/funeral of an employee	SEK 2,500 Sympathy flowers
Longer periods of illness > 3 weeks, congratulations gift for the birth of a child etc.	SEK 500 Flowers are sent to the house
Gift to external parties	
Promotional gift	SEK 180
Funeral	SEK 2,500 Sympathy flowers
Business gift	SEK 1,000

Exemption from value limits

In certain cases, the president can decide on exemptions from the applicable internal value limits. On each occasion, approval must be requested in advance by the head of department or equivalent. Exceeding the amounts without the president's consent may mean that the person who hosted the event becomes personally liable for the excess amount. The request for an exemption must be sent in good time via the registrar to the Strategic Planning and Vice-Chancellor's Office for processing.

The application for exemption from the entertainment guidelines must:

1. be recorded by the head registrar.
2. state the purpose of the entertainment (e.g. in connection with lunch, dinner etc.)
3. state which people are involved in the entertainment (external/internal guests etc.).
4. contain information on the estimated number of participants and cost per person.
5. contain information on the date and place of entertainment.