

Non-Employee Travel

Summary

In order to comply with State and Federal tax regulations, the Institute requires certain criteria to be met before allowing any non-employee travel expenses under the Institute's Accountable Plan. Non employees (guest speakers, lecturers, visitors, students) must provide a service that is beneficial to the Institute and fulfill a valid business purpose for the Institute in order to receive a tax-free reimbursement.

Additional information for a Non-Employee Traveler will be required to be answered upon setup to document the costs to be covered and the services provided to the Institute. When appropriate, a copy of an invitation letter should be provided as well. If these criteria are met, then all non-employee travel expenses are required to comply with Caltech's Travel Policy. The Travel Department is responsible for ensuring compliance with this Policy. Any expenses submitted to the Travel Department that do not comply will be rejected and forwarded to Payment Services for proper handling and/or tax reporting.

Applicability and Authority

- This Policy applies to all Caltech divisions and departments and supersedes any practices in existence prior to its effective date.

Definition

- **Accountable plan:** An accountable plan is any reimbursement or other expense allowance arrangement of an employer that meets all the following requirements (therefore excluding it from the individual's income):
 - (1) Expenses must have a business connection - that is, you must have paid or incurred deductible expenses while performing services for your employer
 - (2) Individual must be able to substantiate expenses covered in the plan
 - (3) Individual must return any excess advances or payments
- **Business Purpose:** Purpose that supports or advances the goals, objectives and mission of the Institute; and adequately describes the expense as a necessary, reasonable and appropriate business expense for the Institute.

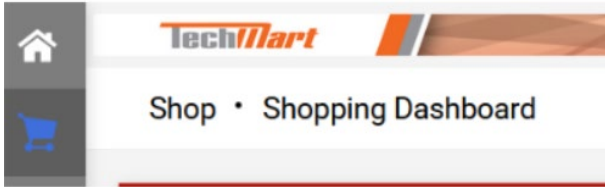
Procedure

Step 1: Request Non-Employee Traveler Set Up

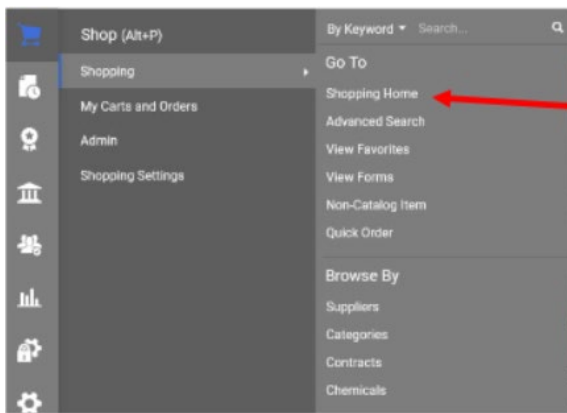
If the traveler cannot be located in CardQuest, a new request must be submitted through TechMart.

Caltech

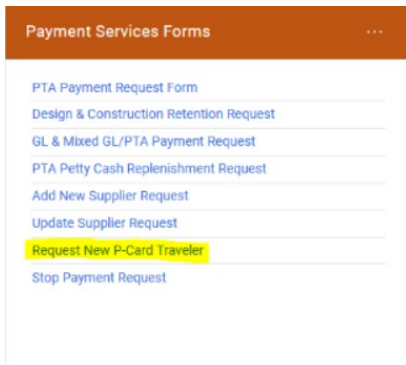
- Go to access.caltech and select TechMart
- Log in by using your access.caltech credentials
- Click on TechMart Shopping Cart Icon:



- Shopping Home



- Payment Service Forms – P-Card New Travel Request



- Click next. Proceed to answer all questions
- Enter Trip End Date, Trip Business Purpose, and Description of Costs to be Paid
- If an Invitation or Offer letter is available, please attach a copy for additional documentation
- Submit the form

Step 2: Supplier Management

Review

Supplier Management will review all information provided from the request to ensure the following criteria are met:

- The non-employee is providing a service that benefits the Institute
Ex. Guest speaker, Researcher, Participant in panel or workshop/conference
- The service provided is a valid business expense that is supportive of Institute activities and in accordance with Caltech's Travel Policy

Step 3: Processing Method

Process in CardQuest If the requirements in Step 1 and Step 2 are met, the non-employee will be set up in the CardQuest for processing travel expenses and reimbursements. You will be notified via your TechMart notifications when the request has been completed.

Process through Payment Services If the requirement in Step 1 and Step 2 are not met or expenses proposed to be paid do not fall within accepted business travel expenses, the non-employee will not be set up in CardQuest. Instead, payments to the non-employee will need to

be submitted through a Payment Request Form and sent to Payment Services for proper analysis and tax reporting. See [Payment Request Procedure](#).

Non-Employee Groups

Students

Students who travel on behalf of the Institute for valid Institute business will be set up in CardQuest for travel expenses and reimbursements. See *Step 3: Process in CardQuest*.

Expenses that do not directly benefit the Institute or are not legitimate business needs and they are for the student's individual benefit, are tax reportable and will not be processed through CardQuest. See *Step 3: Process through Payment Services*.

Visitors

Visitors who travel on behalf of the Institute for valid Institute business will be set up in CardQuest for processing of their travel expenses and reimbursements. Travel expenses generally include air/ground travel, lodging, meals and incidentals. See [Caltech Travel Policy Section 2- Travel Expenditures](#) for details. See *Step 3: Process in CardQuest*.

If the expenses are related to the visitor's personal pursuit of study or research, the expenses are not considered Institute business and will be considered tax reportable income to the visitor. Payments for items such as stipends or living allowances are also tax reportable and will not be processed through CardQuest. See *Step 3: Process through Payment Services*.

Prospective Employees

Travel expenses incurred in connection with prospective employee interviews and recruitment are reimbursable when properly authorized by a division or department. Travel expenses related to the interview are considered job-hunting expenses to the prospective employee and can be processed in CardQuest. See *Step 3: Process in CardQuest*.

Once an offer of employment has been accepted, additional travel expenses incurred by the newly hired employee and family are considered "moving expenses" and have separate rules governing their taxability. Contact the Human Resources/Recruiting Services regarding the Relocation Process.

Consultants/Independent Contractors

Independent Contractors or Consultants that have a US Trade or Business are not covered under the Institute's Accountable Plan; therefore, their travel expenses should not be processed in CardQuest. A purchase requisition should be completed in Techmart.

Independent Contractors and Consultants should include their travel expenses and fees together when billing the Institute.

Honorarium

Travel related to honorarium payments can be processed in two different ways. It can be included in the total amount paid to the recipient to help offset expenses or paid as a reimbursement for actual travel expenses. If included in the honorarium payment, then the total amount paid to the recipient is taxable income subject to reporting and/or withholding. See links in “Related Resources” for more information about the Honorarium policy. For processing, see *Step 3: Process through Payment Services*.

The reimbursement or direct pay of travel expenses are made in accordance with immigration and IRS requirements. An expense payment made to a domestic or foreign national will not be considered to be income and will not require withholding or be reportable, provided that the speaker:

- Performs a service for the Institute (i.e., delivers a speech, lecture, etc.) and
- Substantiates any expenses with receipts and an accounting of mileage, etc.

Reimbursement of expenses must follow Travel Department Policy and Procedures. See links in the “Related Resources” section for Travel Department requirements for expense reimbursement. For processing, see *Step 3: Process in CardQuest*.

Related Resources

- **IRS Publication 463 (2013), Travel, Entertainment, Gift, and Car Expenses:** <http://www.irs.gov/publications/p463/>
- **Caltech Travel Policy**
- **Caltech Payment Request Procedure**
- **Honorarium Policy** http://procurement.caltech.edu/policies_procedures

Exceptions

Any exceptions that require a deviation from this Procedure shall be reviewed and approved by the Director of Procurement Services and coordinated with the Purchasing and Payment Services business units.