



**Stockholms**  
universitet

**Rektor**

DECISION  
2014-06-05

Reg. no. SU FV 1.1.2-1757-14  
Doc. no. 1

Jenny Gardbrant  
Jonas Holm  
Vice-Chancellor's Office

## **Guidelines for gifts and hospitality at Stockholm University<sup>1</sup>**

### **1 Initial starting points**

All provision of gifts and hospitality at Stockholm University should be a natural part of the University's activities. Gifts and hospitality should be provided in moderation. Frequent provision of gifts and hospitality to the same person or group of people should be avoided. Furthermore, the gifts and hospitality should not be lavish, but reasonable, modest, and appropriate for the occasion. Hospitality solely involving the provision of alcohol is not permitted. Wine and beer are acceptable in connection with a meal, but spirits should not be served under normal circumstances. Exceptions can be made in the case of foreign visitors. In addition, the nature of the hospitality must not be such that it could damage the University's reputation.

These guidelines apply to all gifts and hospitality paid for with the University's appropriation funds. If the University has committed to managing grant funds, the guidelines apply to the use of these funds as well.

The provision of gifts and hospitality on behalf of the University is the responsibility of the Vice-Chancellor, Pro Vice-Chancellor, Deputy Vice-Chancellor, and Director of Administration, or whomever they have delegated this task to in a specific case.

The provision of gifts and hospitality on behalf of individual bodies within the University is the responsibility of the head of the relevant body (i.e. the faculty dean, head of department/equivalent, or the manager of an administrative unit).

### **2 Benefits**

Any benefits provided by the employer are taxable unless they are exempt from taxes under the Income Tax Act (1999:1229). The employer must pay payroll tax on the value of the benefits, make tax deductions, and report the value on the tax statement.

Exemptions from taxation are regulated in the Income Tax Act. Three of the exemptions are described in more detail:

---

<sup>1</sup> These guidelines are largely based on the Swedish Tax Agency's internal guidelines for gifts and hospitality, as well as their interpretations of the legal framework.

- Meal benefits in connection with business travel and hospitality
- Employee welfare benefits
- Gifts to employees

## 2.1 Meal benefits in connection with business travel and hospitality

Meals provided for free by the employer are generally considered taxable benefits. This is the case regardless of whether they are provided continuously or only on special occasions, such as during business trips, courses, conferences, or study trips. Free meal benefits are also taxable in connection with trips to other countries.

In this context, **meal** refers to any food or beverage.

Refreshments and light snacks may be covered by regulations concerning employee welfare benefits, in which case they are tax-exempt. See Section 2.2 for more information.

Whether or not the free meal is tax-exempt depends on the context in which it was offered to the employee.

**Free meals are exempt** from taxes in the following cases:

- Free meals on board public transport in connection with travel for business purposes if the meals are included in the ticket price.
- Free hotel breakfast if breakfast is included in the price of the hotel.
- Free meals in connection with hospitality.

What this means is described below.

### 2.1.1 *Free meals on board public transport in connection with travel for business purposes*

Free meals on board public transport in connection with travel for business purposes are considered a tax-exempt benefit if the meals are included in the ticket price. The condition for tax-exemption is that the ticket cannot be purchased without a meal included.

Public transport refers to aircraft, trains, and other paid means of transport.

### 2.1.2 *Free hotel breakfast if breakfast is included in the price of the hotel*

Free hotel breakfast in connection with overnight accommodation during travel for business purposes is considered a tax-exempt benefit if breakfast is included in the price of the hotel. This means that the room cannot be booked at a lower price without breakfast.

### 2.1.3 *Free meals in connection with hospitality*

Free meals in connection with external or internal hospitality are considered a tax-exempt benefit.

**External hospitality** is aimed at the University's connections with the surrounding community, other universities, businesses, etc. This primarily refers to such hospitality that is customary to show external visitors. **External hospitality involves**, for example, business relations, anniversaries, and inaugurations of new facilities. This means that external hospitality can be provided before, during, or at the end of negotiations and other contacts

with stakeholders. External hospitality can also be provided to, for example, representatives of a trade organisation, municipality, or public authority. It is natural to arrange some form of hospitality in connection with visits from another country. However, participation in an external course or conference does not necessarily constitute external hospitality, which means that free meals during the course may constitute a taxable benefit. See Section 2.1.3.1 for more information.

**Internal hospitality** is aimed at the University's employees and students. **Internal hospitality includes**, for example, office parties, comfort days, information meetings with the staff, internal courses, and planning conferences (e.g., discussions relating to budget, HR issues, procurement, and sales policies). Teambuilding and similar internal meetings are also included. In order for the meal benefit to be tax-exempt, the event must be brief and temporary.

An event is considered to be **brief** if it lasts no longer than a week.

An event is considered **temporary** if it occurs on rare occasions. Meetings that are held on a regular basis at short intervals throughout the year, such as every one or two weeks, are not considered temporary.

Free meals are thus tax-exempt during an internal course or conference that is temporary and lasts no longer than a week. In other cases, the employee should be taxed for the free meal.

Whether it is a matter of internal or external hospitality, the benefit is only tax-exempt if the hospitality is directly related to the authority's activities and does not comprise costs for socialising of a personal nature, personal hospitality, or similar. Accordingly, hospitality should not be provided in someone's home. The requirement for a direct relation refers to the location and timing of the event, as well as the participants. With respect to timing, the hospitality should be a natural part of, and in immediate connection to, the activity in question. The people involved must have a direct relation to the activity in question.

Furthermore, the hospitality should not be lavish, but reasonable, modest, and appropriate for the occasion. Hospitality solely involving the provision of alcohol is not permitted. Wine and beer are acceptable in connection with a meal, but spirits should not be served under normal circumstances. Exceptions can be made in the case of foreign visitors. In addition, the nature of the hospitality must not be such that it could damage the University's reputation.

#### *Business lunches*

It should be noted that business lunches are not classified as internal hospitality. Employees are taxed for business lunches as a meal benefit. As a general rule, business lunches at the University's expense should not take place at Stockholm University.

#### *Office parties*

Office parties only count as internal hospitality twice a year. Office parties should be open to the entire staff/unit.

#### *Teambuilding activities*



So-called “teambuilding activities” can also be classified as internal hospitality. If the event or programme does not fit the description of a conference in the traditional sense, the teambuilding activity is deemed to belong to the category of office parties and similar events, which means that it is covered by the twice-a-year limitation.

#### *Networking sessions*

Networking sessions involving only internal participants are classified as business lunches and are thus not reimbursed as hospitality.

Networking sessions with external participants may be classified as external hospitality if they have a natural connection to the University’s activities; for example, if a networking session is based on a programme with work-related elements and topics of discussion.

Network member fees cannot be reimbursed by the University.

#### ***2.1.3.1 Distinction between representing and attending an external course or conference***

An external host organises an information day, seminar, or similar, in connection with which they provide lunch. An employee assigned to attend the information day or seminar represents the University if they participate actively by, for example, giving a lecture or, more passively, being there to answer potential questions. Because the employee’s task is to represent the University – external hospitality – the lunch being served is considered a tax-exempt benefit. This applies whether or not the employer has paid a participation fee.

An external host organises a course, seminar, or similar, in connection with which they provide lunch. An employee attending the course to develop their own skills should be taxed for the free lunch as a fringe benefit. The employee’s attendance does not have any inherent significance for the other participants’ skills development. In this case, since the employee does not represent the University, lunch is a taxable benefit. This applies whether or not the employer has paid a participation fee.

Whether the meal is classified as a tax-exempt hospitality or a taxable benefit thus depends on whether the employee is attending the event in order to represent the University or to develop their own skills without expectations to act as a representative.

If the University has paid a participation fee, the meal benefit is considered to be provided by the University. The University must pay payroll tax for the provided meal benefit, make a tax deduction, and report the benefit on the tax statement. If the University has not paid for the course, the organiser must report the meal benefit on the tax statement as long as the value exceeds SEK 100 in a calendar year. If the value of the benefit does not exceed SEK 100 in a calendar year, the employee must report the value in their own income tax return.

#### ***2.1.3.2 Internal conferences and courses***

Participation in internal conferences and courses is considered internal hospitality, which means that free meals are not taxable.

The following conditions apply to internal conferences and courses:

- A detailed programme should be drawn up when planning the conference/course. This programme should then be included with the receipt/invoice for the cost of the conference.
- The conference should occupy at least six hours of each full day.
- Regular conference food should be provided. Wine and strong beer may only be provided in connection with dinner. Alcoholic beverages should otherwise be paid for by the individual participants.
- Joint events that serve to improve social connections and include all participants can be paid for with funds managed by the University.

## 2.2 Employee welfare benefits

**Employee welfare benefits** refer to benefits of low value that are aimed at all employees and do not constitute direct compensation for work performed, but rather simple measures to create satisfaction at work. These benefits are exempt from taxes.

**Employee welfare benefits include** simple types of exercise and other preventive care. In addition, employee welfare benefits include refreshments and other light snacks that cannot be considered a replacement for breakfast, lunch, or dinner.

**Light snacks** thus refer to coffee, cake, candy, fruit, sandwiches, etc., provided that they cannot be considered a replacement for a normal breakfast, lunch, or dinner. However, if the food is sufficient to replace a normal breakfast, lunch, or dinner, it is no longer considered a tax-exempt benefit. If the employer pays for such food, and it is not consumed in connection with external or internal hospitality, it is considered a taxable benefit.

## 2.3 Gifts and celebrations

Gifts can be divided into three categories: (i) gifts for promotional purposes, (ii) hospitality gifts, and (iii) gifts to employees. Gifts from Stockholm University should have some connection to the University and its activities.

### 2.3.1 Gifts to employees

As a general rule, great caution and moderation should be exercised when it comes to offering gifts to employees. Christmas gifts, anniversary gifts, and commemorative gifts from the employer are tax-exempt under certain conditions.

Tax exemption does not apply to gifts of cash or cash equivalents (e.g. cheques, money orders, and gift cards that can be exchanged for money). Gifts in the form of gift cards that cannot be exchanged for money should not be taxed.

#### 2.3.1.1 Christmas gifts

Christmas gifts to employees are tax-exempt as long as their total market value does not exceed the monetary threshold determined by the Swedish Tax Agency. If the value exceeds this amount, the full value of the gifts is taxable. Market value refers to what it would have cost an employee to purchase a similar gift on their own.

#### 2.3.1.2 Anniversary gifts

Anniversary gifts are given to employees in connection with, for example, the authority's 20-, 25-, 50-, 75-, or 100-year anniversary.

Anniversary gifts are tax-exempt as long as their total market value (including VAT) does not exceed the monetary threshold. If the value exceeds the maximum amount, the full value of the gifts is taxable. Market value refers to what it would have cost an employee to purchase a similar gift on their own.

### **2.3.1.3 Commemorative gifts**

Commemorative gifts are given to long-term employees (employed for at least six years) when they reach a certain age, have served for a long time (e.g. 25 years), or at the end of employment. A tax-exempt commemorative gift can be offered to an employee on one occasion in addition to the end of employment. The medal for “zealous and devoted service” (“För nit och redlighet i rikets tjänst”, NOR) is considered such an occasion.

Commemorative gifts to persons employed by the state for at least 30 years are subject to special procedures in accordance with regulations concerning the medal for “ardent and devoted service” (1974:225) and directives from the Swedish Agency for Government Employers. If the employee is about to retire, or under other special circumstances, the medal may be awarded after only 25 years of employment.

Stockholm University offers a commemorative gift in connection with:

- the end of a long-term employment (at least six years), and
- an employee receiving the NOR medal.

Commemorative gifts are not offered in connection with milestone birthdays.

### **2.3.1.4 Other gifts to employees**

Gifts other than the Christmas, anniversary, and commemorative gifts mentioned in Section 2.3.1.1 - 2.3.1.3 are equated with compensation for work performed. Such gifts are taxable for the recipient.

Gifts of low value, such as flowers in connection with the public defence of a thesis, a birthday, or the end of employment, are not considered taxable income. Such gifts are classified as employee welfare.

## **2.3.2 Hospitality gifts**

Hospitality gifts may be offered to representatives of another government agency, business, or similar, in connection with an inauguration or anniversary, the signing of an important agreement, or the start/conclusion of a valuable collaboration. Examples of such gifts include flower arrangements, books, chocolate, fruits baskets, etc. External hospitality and gifts may be offered to a person or institution in the following situations:

- Visits from or to another country;
- Official assignments on behalf of the University;
- Other situations in which the University finds it appropriate.

Hospitality gifts in connection with holidays or personal celebrations, as well as the cost of a wreath or bouquet in connection with a death, do not qualify for compensation for input VAT, as these gifts are considered to have an excessive element of personal generosity. Expenses related to the death of an employee are considered personnel costs.



When offering or accepting a hospitality gift, the risk of being perceived as giving or taking a bribe must be taken into account. See below for more information on bribes.

### **2.3.3 Promotional gifts**

Promotional gifts are of relatively small value and not personal in nature. The cost of such gifts is considered an operational cost and is not liable to taxation.

## **2.4 Membership fees**

If the employer pays for an employee's membership in an organisation, this is considered a taxable benefit for the employee regardless of whether the membership is necessary for the position. This applies not only to memberships in non-profit organisations, but also trade unions and scholarly associations of various kinds.

If the employer also pays a service fee to the organisation for various services to which employee has access, this fee is not considered a taxable benefit if the membership is necessary for the employee to perform their duties. In this case, the service fee is considered a business expense.

## **3 Monetary thresholds and exceptions**

### **3.1 Monetary thresholds**

The monetary thresholds for external and internal hospitality are shown in the table in Appendix 1.

The maximum amounts for internal and external hospitality should include all expenses for lunch, dinner, and supper, including drinks. Gratuity should not be paid with University funds.

Hospitality may also refer to gifts, light snacks, or other expenses such as rent, entrance fees, theatre tickets, costs for musical entertainment, etc. The monetary thresholds for these expenses are shown in the table in Appendix 1.

The monetary thresholds for gifts are shown in the table in Appendix 1.

### **3.2 Exceptions from monetary thresholds**

In special cases, the Vice-Chancellor may grant permission to exceed the internally set thresholds. Permission should be requested in advance for each individual occasion by the head of department or equivalent. Exceeding the maximum amount without the Vice-Chancellor's permission may result in the host of the event being held personally liable for the excess amount. Requests should be sent in due time to the Vice-Chancellor's Office via the registrar.

A request to deviate from the guidelines for hospitality should:

1. Be logged by the registrar;





2. Specify the purpose of the event (e.g. a conference, dinner, or similar);
3. Specify who will participate in the event (external/internal guests, etc.);
4. Contain information about the estimated number of participants and cost per person; and
5. Contain information about the date and location of the event.

The requests should be made by:

- 1) The head of department or equivalent,
- 2) The deputy head of department or equivalent, or
- 3) The head of administration.

#### **4 Verification requirements in connection with hospitality**

All expenses should be verified by the inclusion of a detailed receipt or invoice. Where appropriate, a specification of the entries on the invoice should be included as well.

The verification (receipt/invoice) should be supplemented by the following information:

- The names of all participants, as well as the company or equivalent they represent;
- The purpose of the event, which should include the programme for conferences, seminars, and similar;
- The date of the event;
- Accounting entry and certificate;
- Where applicable, the Vice-Chancellor's decision to grant an exception from the monetary threshold.

In case of major gatherings or light refreshments, it is sufficient to provide simple documentation in the form of a list of participants or, if the event involves a group of fixed composition, the name of the group.

For more information, please refer to the **Reference guide for reporting gifts and hospitality at Stockholm University**.

See also the Bookkeeping Ordinance (2000:606), the Swedish Tax Agency's general advice concerning deductible expenses for hospitality, etc. (2004:5), and the Swedish National Financial Management Authority's guidelines for reporting different types of personnel costs at government agencies (ESV 2006:13).

#### **5 Bribes**

Like other civil servants, employees at Stockholm University have a special responsibility to maintain the highest standards of objectivity and impartiality in performing their duties. The risk of bribery is particularly high in connection with hospitality. University employees should avoid the risk of being suspected of corruption; hence, any hospitality in connection with the





exercise of authority is inappropriate. The same applies to ongoing procurement processes. The penal provisions on bribery can be found in Chapter 10 of the Swedish Penal Code. Additional information on bribes is available in the University's guidelines for preventing bribery at Stockholm University.

Appendix 1: Internal monetary thresholds for gifts and hospitality