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Rules concerning gifts and hospitality at Stockholm University

1. Initial starting points

The basic principle is that any benefits provided by the employer are taxable. However, hospitality benefits, employee welfare benefits, and certain types of gifts and other benefits are exempt from this basic principle. These rules aim to clarify these provisions.

The term hospitality does not have a specific definition in Swedish tax law. Hospitality expenses may include expenses for food, beverages, service, hotel rooms, theatre tickets, and similar. They may also refer to indirect expenses relating to property, equipment, etc., used for hospitality purposes. Hospitality may be aimed at business relations and similar (external hospitality), or at the University's employees in the form of staff parties, etc. (internal representation).

These rules apply to hospitality in a benefits context. This is different from how hospitality is defined in financial accounting, which has a narrower definition, particularly regarding internal hospitality. Government agencies are not entitled to reimbursement for incoming VAT on costs that are recorded as external or internal hospitality.

The rules will successively cover the areas of "Hospitality", "Gifts and celebrations", and "Other benefits". The monetary thresholds of various benefits are specified in an appendix to the rules.

The Finance Office's document *Reference guide for reporting gifts and hospitality at Stockholm University*, which describes the criteria for hospitality expenses and how to record them, is available as a complement to these rules. For specific questions relating to taxation on business travel and membership fees (see sections 4.1 and 4.3), please refer to the Human Resources Office, which is responsible for forms and related information.

2. Hospitality

All provision of hospitality at Stockholm University should be a natural part of the University's activities. Hospitality should be provided in moderation, and frequent provision of hospitality to the same person or group of people should be avoided. 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. The provision of alcohol with a meal should be characterised by moderation, and the cost should not exceed the monetary threshold for hospitality. Non-alcoholic options should always be offered. Spirits

should not be served, although 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.

Stockholm University does not cover costs for gratuity in Sweden. In some countries outside Scandinavia, service charges are sometimes not included in the prices specified in price lists, menus, and similar. In such cases, gratuity may practically be a part of the cost.

The term hospitality does not include expenses for socialising of a personal nature or personal hospitality. Thus, hospitality should not be provided in someone's home. Hospitality relating to personal celebrations (e.g. a party for business associates/external colleagues in connection with a 50th birthday) does not count as hospitality in a benefits context, as it is of a personal nature. The requirement for a direct relation to the authority's activities 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.

These rules apply to all activities regardless of funding and where the hospitality takes place. The rules apply to all employees and associates acting on behalf of the University, but not to students.

The provision of 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 hospitality on behalf of individual bodies within the University is the responsibility of the head of the relevant body (i.e. the deputy vice-chancellor for the scientific area, the faculty dean, the head of department/equivalent, or the manager of an administrative unit).

2.1 External hospitality

External hospitality is aimed at the University's connections with the surrounding community, other higher education institutions, 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 government agency. It is natural to arrange some form of hospitality in connection with visits from another country.

In cases of external hospitality, the number of participants from Stockholm University should be 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. Costs for the participation of the spouse of a University representative or guest will not be reimbursed unless there are special reasons to the contrary.

2.2 Internal hospitality

Internal hospitality is aimed at the University's employees and doctoral students regardless of the type of funding. Internal hospitality includes, for example, staff parties, social events, information meetings with staff, internal courses, and planning conferences (e.g. relating to budgeting, HR issues, organisational changes, etc.).

The definition of internal hospitality above is based on a benefits context. For accounting purposes, only staff parties and information meetings with staff where the employer provides important information on organisational changes, staff changes, etc. (so-called one-way communication meetings) count as internal hospitality. The other staff activities mentioned above (internal courses, planning conferences, etc.) are recorded as operating expenses.

In order to count as internal hospitality, the event must be brief and temporary. An event is considered to be brief if it lasts no longer than a week, and 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.

It should be noted that work meals do not count as hospitality; this includes meals at board meetings, regardless of the number of external members. As a general rule, work meals should not be paid for by the University, but when they are, they should be taxed as a food benefit.

The Swedish Tax Agency has issued guidelines stipulating that staff parties (including Christmas lunches/dinners) paid for by the employer should not be held more than twice per employee and year. This includes staff parties for all staff, as well as Christmas lunches/dinners, etc., for a department or unit.

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 staff parties and similar events, which means that it is covered by the twice-a-year limitation.

2.3 Risk of bribery in connection with hospitality

In connection with hospitality, the risk of bribery should always be taken into account. 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. 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 in connection with ongoing procurement processes. Additional information on bribes is available in the University’s guidelines for preventing bribery at Stockholm University.

2.4 Supporting documentation for verification

All hospitality expenses should be verified by the inclusion of a detailed receipt or invoice. The verification should be complemented by the following information:

- Purpose and date of the hospitality;
- For conferences, seminars, and similar, the programme should be included;
- List of participants, including what organisation/company they represent;
- Where applicable, the Vice-Chancellor’s decision to grant an exemption from the monetary threshold;
- Accounting entry and certificate.

3. Gifts and celebrations

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

3.1 Promotional gifts

Promotional gifts are items of relatively small value and not personal in nature. Gifts of this kind should carry the University's name or logo and consist of items from the University's profile collection. The cost of such gifts is considered an operating expense and is not liable to taxation.

3.2 Hospitality gifts

A hospitality gift may be offered to a representative of another government agency, organisation, or business in connection with the signing of an important agreement or the start/conclusion of a valuable collaboration. Hospitality gifts can also be offered in connection with important inaugurations and anniversaries. Examples of such gifts include flowers, books, chocolate, fruits baskets, etc. A requirement for this type of hospitality is that there is a direct connection to the University's activities. Gifts in connection with personal celebrations do not count as hospitality, as they have an excessive element of personal generosity.

When offering or accepting a hospitality gift, the risk of being perceived as giving or taking a bribe must be taken into account.

3.3 Gifts to employees

As a general rule, great caution and moderation should be exercised when it comes to offering gifts to employees. Gifts from the employer are generally equated with remuneration for work performed and are thus taxable for the recipient. However, a gift of flowers in connection with the public defence of a doctoral thesis, a birthday, the end of employment, etc., is classified as employee welfare and is tax-exempt for the employee.

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 from the employer are tax-exempt under certain conditions. The monetary thresholds for tax exemption are determined by the Swedish Tax Agency. However, the University may have lower price limits on gifts to employees. See the appendix with monetary thresholds for more detailed information.

3.3.1 *Christmas gifts*

Christmas gifts are not offered at Stockholm University.

3.3.2 *Anniversary gifts*

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

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

3.3.3 Commemorative gifts

Commemorative gifts are given to long-term employees when they have served for a long time, or at the end of employment. Commemorative gifts are tax-exempt and should not be offered on more than one occasion in addition to the end of employment.

Stockholm University offers commemorative gifts 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.

4. Other benefits

The starting point is that any work-related benefits are taxable. Exemptions from taxation are regulated in the Income Tax Act. The following exemptions are described in more detail:

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

4.1 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. 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 business travel if the meals are included in the ticket price. Public transport refers to aircraft, trains, and other paid means of transport.
- Free hotel breakfast in connection with overnight accommodation during business travel if breakfast is included in the price of the hotel.
- Free meals in connection with external or internal hospitality. Read more about hospitality in Section 2.
- At a course or conference where an employee acts as a representative of Stockholm University, for example by giving a lecture, meals are considered external hospitality and are thus tax-exempt. Employees attending courses/conferences in order to improve their own skills should be taxed for free meals as fringe benefits. This applies whether or not the employer has paid a participation fee.

4.2 Employee welfare benefits

Employee welfare benefits refer to benefits of low value that are provided to all employees at the workplace and do not constitute direct compensation for work performed, but rather simple measures to create satisfaction at work. These benefits are tax-exempt.



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. Otherwise, they are considered taxable benefits.

4.3 Membership fees

If the employer pays for an employee's membership in an interest group, network, or similar 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 the employee has access, this fee is not considered a taxable benefit if the service fee is separate from the membership fee and the membership is essential to the employee's work. In this case, the service fee is considered an operating expense.

Appendix 1: Monetary thresholds for gifts and hospitality

Monetary thresholds for gifts and hospitality

The maximum amounts for internal and external hospitality should include all expenses for lunch, dinner, and supper, including drinks. Hospitality may also refer to gifts, light snacks, or other expenses such as rent, costs for musical entertainment, entrance fees, theatre tickets, etc.

The monetary thresholds in the table refer to Stockholm University's maximum amounts. These may differ from the Swedish Tax Agency's rules regarding maximum VAT deductions, which can be found in the *Reference guide for reporting gifts and hospitality at Stockholm University*.

Type of hospitality/gift/celebration	Maximum cost per person and occasion (including VAT)
Hospitality	
External hospitality – lunch, dinner, or supper	SEK 1,000
Internal hospitality – lunch, dinner, or supper	SEK 700
Internal hospitality – Christmas lunch/dinner	SEK 1,000
Light snacks in connection with external/internal hospitality	SEK 150
Other expenses (costs associated with renting rooms, buying tickets, etc.)	SEK 350
Gift/celebration of employees	
Christmas gift	Not offered at Stockholm University
Anniversary gift	SEK 500
Retirement and end of employment > 6 years	SEK 2,500 Gift and simple celebration with flowers and cake or similar
End of employment > 6 years, doctorate, title of docent or professor	SEK 400 Simple celebration with flowers and cake or similar
Employee's death/funeral	SEK 2,500 Condolence flowers*
Extended sick leave > 3 weeks, celebration of the birth of a child, and similar	SEK 400 Flowers are sent home
Gifts to external parties	
Promotional gift	SEK 180
Funeral	SEK 2,500 Condolence flowers*
Hospitality gift	SEK 1,000

* Please note that contributions to memorial or bereavement funds cannot be made with government funds.

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 Strategic Planning and Vice-Chancellor's Office via the registrar.

Requests 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;
5. contain information about the date and location of the event.