



PALO VERDE COLLEGE

WHERE KNOWLEDGE TAKES ROOT AND OPPORTUNITY GROWS

Accounting Advisory No. 2017-01

March 31, 2017

TO: Palo Verde College Employees

FROM: Dana Maxfield, Director
Palo Verde College Fiscal Services

SUBJECT: IRS Per Diem Taxation – Day Trips

As of October 2016, per diems are taxable for day trips. The guidance provided by the IRS states that per diems are considered wages unless, the trip includes an overnight stay. This is stated in the IRS Fringe Benefit Guide (2014):

Meals Away From Tax Home But Not Overnight Generally, these meals are taxable as wages to the employee because travel must be away from home overnight to be excludable.

Example: An employee is required to travel out of town to work for the day. The employer agrees to pay for the employee's meals while away. The employee leaves home at 7:00 a.m. and returns home at 9:00 p.m. Before the employee returns in the evening, the employee takes a nap in his car for an hour.

Although the employee is away from his tax home for substantially longer than a normal work day and even stops for rest, the rest is not considered to be substantial. The employee is not considered to be away from home overnight. Any meal money that the employee receives is taxable as wages.

<https://www.irs.gov/pub/irs-pdf/p5137.pdf> p.46

Beginning April 1, 2017, Palo Verde College will be implementing this change. If you claim a per diem meal on a day trip, it will be considered income. There will be a presentation that discusses this advisory on Wednesday, April 5 at 10:00 am and Tuesday, April 11 at 3:00 pm. Please reference the email or check the [Fiscal Services Page](#) for more information.