

DECISION

*Reg. no V 2019/782**Date 21 November 2019*

Vice-Chancellor

Rules regarding entertainment

Lund University prescribe the following pursuant to chapter 2, section 5 of the Higher Education Act (1992:1434).

Background

Entertainment is subject to external regulation from, among others, the Swedish Tax Agency and the Swedish National Financial Management Authority. Lund University is to be restrictive regarding entertainment in all its forms, as the University is to be economical with government resources.

The general rules about entertainment are based on tax legislation and provisions regarding what constitutes a tax-deductible expense in business activities. There is a direct link between these rules and the rules in the Value Added Tax Act on entitlement to compensation for VAT receivable on expenses for entertainment. The Swedish National Financial Management Authority's supervision in this matter has been instrumental in the development of this document.

General information about entertainment

Entertainment is a collective term for a number of activities conducted to promote the public authority's work that involve meals, other light refreshments, gifts and suchlike. The main rule is that a benefit is taxable, but if it concerns entertainment, the benefit is tax-exempt.

Entertainment that deviates from this rule is to be approved on a case-by-case basis in advance by the head of faculty office, university director, chair of the University Board or vice-chancellor according to the table below. In the case of deviations from the current rules regarding entertainment without special authorisation, as specified below, there is a risk of a personal liability to pay.

Organisation level	Authoriser
Department/equivalent	Head of Faculty Office
Faculty, MAX IV and Central Administration	University Director
University Management	Chair of the University Board
Other	Vice-Chancellor

Entertainment is directed externally towards the University's contacts with the wider world, and internally towards the University's staff, including academic ceremonies, internal courses and conferences, information meetings, staff welfare and staff parties.

All entertainment is to be exercised with moderation, with good judgement and is always to have a direct connection with the University's activities. This applies to the time and venue of the entertainment as well as the participants. It is always the purpose that determines which type of entertainment is concerned. Entertainment at private homes is to be conducted restrictively.

In connection with external entertainment, the risk of bribery and corruption is always to be taken into account. Employees in the public sector are not to be exposed, or expose others, to the risk of being suspected of corruption. There is to be no entertainment in connection with ongoing procurements.

The University's entertainment involving alcohol is always to be characterised by moderation. Alcohol-free alternatives are always to be offered.

The expenses for entertainment are to be approved in accordance with current approval rules.

Expenses of a more personal nature, such as working lunches or meals at external courses and conferences or in connection with personal celebrations, are not to be considered as entertainment and are not covered by these rules. Working lunches or meals in connection with personal celebrations should not take place at the University, but in such cases are to be taxed as a benefit.

Maximum amounts and rules regarding VAT deductions are dealt with under the heading “Maximum amounts for entertainment”. Examples of events and more detailed information can be found in the quick reference guide to entertainment etc.

External entertainment

External entertainment is aimed outwards and is a natural part of a public authority’s activities in connection with various types of negotiation or to initiate or maintain good contacts with external parties and act as an expression of customary hospitality.

External entertainment is not to be luxurious. Frequent external entertainment for one and the same person or group or people should not occur. The number of participants from Lund University is to be well balanced in relation to the number of guests. Compensation for the participation of University representatives’ or guest’s partners is only allowed in exceptional cases and with a special justification. “Tips” may, in exceptional cases, be left in connection with a restaurant visit, but are not to exceed 5% of the entertainment expenses and be within the relevant maximum amount.

In addition to lunch, dinner or supper, external entertainment may also relate to other meal expenses such as light refreshments in connection with inaugurations, information or marketing activities, or expenses for admission fees, theatre tickets and suchlike.

Entertainment gifts refer to gifts to external recipients and can be given instead of a meal. Regarding entertainment gifts there is a requirement for a direct connection with the University’s activities (in the same way as for entertainment). Examples of entertainment gifts include flowers, fruit basket or a book gift handed over in connection with the signing of important agreements, the initiation or conclusion of collaborations, inaugurations or jubilees etc. Regarding entertainment gifts, the rules on bribery and corruption must always be taken into account.

Internal entertainment

Internal entertainment is aimed at the University’s staff and refers only to staff parties/staff excursions and information meetings.

All expenses for lunch/dinner/supper including drinks, service charge and similar expenses are to be within the maximum amount. "Tips" may, in exceptional cases, be left in connection with a restaurant visit, but are not to exceed 5% of the entertainment expenses and be within the relevant maximum amount. Besides meals there may be additional peripheral expenses for hiring premises and musical entertainment or performances. Staff parties (including Christmas lunch), paid for by the employer, are to be held no more than twice per year.

Information meetings refer to internal meetings for the public authority such as planning meetings and kick-off meetings prior to the start of the semester.

For the meeting to be classified as internal representation, the following requirements must be fulfilled.

- the meeting is occasional and brief
- it is not a matter of a regularly occurring meeting with a short interval (every week or fortnight)
- the meal is to be eaten together

Other entertainment

Other entertainment mainly covers meals in connection with internal courses or conferences, academic ceremonies, light refreshments at meetings, and staff welfare, which, among other things, includes gifts to staff.

For meals in connection with internal courses and conferences, the rules regarding entertainment are to act as guidelines, i.e. moderate, no luxury dinners and moderate provision of alcohol.

All expenses in connection with academic ceremonies are to be considered as operational expenses. Lund University has three major annual academic ceremonies, the annual ceremony (every sixth year including the inauguration of a new vice-chancellor), the doctoral degree conferment ceremony and the inauguration ceremony for new professors.

Light refreshments at assemblies, meetings and other gatherings such as morning coffee breaks are tax-exempt. It is not to be something that can be considered to replace a meal, such as sandwich layer cake, salad or filled baguette, regardless of the amount. Light refreshments include fruit, coffee/tea and rolls. Light refreshments are not to include alcoholic beverages.

Staff welfare benefits are tax-exempt if they;

- are of minor value
- are offered to all employees at a workplace
- cannot be exchanged for cash

Gifts to employees from the employer are generally taxable with certain exceptions. Tax-exemption applies to the points below when the gift's value does not exceed the set amount. If the amount is exceeded, the entire gift becomes taxable. Tax-exemption does not apply to cash. Gift cards that can be exchanged for cash are considered as cash in taxation terms.

- celebrations of a simple nature with flowers for a public defence, birthday, leaving a job etc.
- Christmas gift
- jubilee gift, can be given in connection with 25, 50, 75 or 100-year anniversaries
- souvenir gifts can be given for Zealous and Devoted Service of the Realm (30 years or more, or 25 years if retiring) or on termination of employment. The gift recipient is to have been employed for a minimum of 6 years and a souvenir gift may be given no more than once in addition to the termination of employment.

The maximum amount for gifts is stated in the table "Maximum amounts for entertainment".

Supporting documents

Expenses are to be verified with a receipt/restaurant bill and supplemented with information about

- the date of the entertainment
- the purpose of the entertainment
- name and organisational affiliation of all participants
- authorisation in writing if the entertainment deviates from current rules

Simplified documentation on the participants is acceptable when refreshments are in connection with an open house, inaugurations and suchlike that involve a large number of participants.

Maximum amounts for entertainment

Type of entertainment	Maximum amount excl. VAT	Maximum amount incl. VAT	VAT deduction allowed
External entertainment		SEK 1 000	No
Peripheral expenses for external entertainment		SEK 500	No
Gift to external recipient	SEK 750		No
Internal entertainment		SEK 600/SEK 1 000 The higher amount only once per year.	No
Peripheral expenses for internal entertainment		SEK 500	No
Internal courses and conferences Academic ceremonies	No maximum amount, but rules on moderation and good judgement are to be observed.		Yes
Gifts to employees: <ul style="list-style-type: none"> • Simple congratulatory gifts • Christmas gifts • Jubilee gifts • Souvenir gifts 	SEK 300	According to Tax Agency, currently SEK 450 According to Tax Agency, currently SEK 1 350 SEK 10 000	Yes Yes Yes Yes
Light refreshments	SEK 120		Yes

Decision

Rules regarding entertainment enter into force on 1 January 2020 and replace the previously adopted rules regarding entertainment reg. no EK2011/37.

The decision on this matter was made by the undersigned vice-chancellor in the presence of deputy university director Cecilia Billgren after a consultation with a representative of the Lund University Students' Unions, as well as a presentation by finance director Filip Bengtsson. Head of office Kerstin Larsson has participated in the processing of the matter.

Torbjörn von Schantz

Filip Bengtsson
(Finance Division)