



UMEÅ UNIVERSITY

RULES FOR BUSINESS ENTERTAINMENT

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¹This document has been translated from Swedish into English. If the English version differs from the original, the Swedish version takes precedence.



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1. Description

This policy document contains a summary of the rules that apply to business entertainment at Umeå University. The basic principle in Sweden's tax legislation is that benefits provided by the employer are taxable. However, there are exceptions, including in the area of business entertainment.

The University's activities are largely financed by funds from tax revenue. The use of funds allocated to the University must be justified and must have a clear link to its activities. This applies in particular to business entertainment expenses, as these usually include expenses for meals, which are normally considered to be a private cost of living.

2. Background

Rules for business entertainment are established to ensure that the University's expenses for business entertainment comply with the following acts and ordinances:

- Income Tax Act (1999:1229)
- Value Added Tax Act (2023:200)
- Ordinance (2002:831) on public authority entitlement to compensation for input VAT.

The rules apply to all activities, regardless of their source of funding, and regardless of whether they take place in Sweden or abroad.

3. Definition of business entertainment

Business entertainment lacks a precise definition in Sweden's tax legislation. The Swedish Tax Agency's interpretation is that business entertainment expenses may refer to the cost of food, beverages and service in connection with, for example, visits to restaurants, but may also refer to tickets for theatrical performances, to museums and to sports facilities, etc.

Business entertainment may be either external, for example, for representatives of other higher education institutions, municipalities, county councils and companies; or internal for the University's staff in the form of employee welfare.

3.1 Certain conditions apply for business entertainment

Business entertainment is only permitted if there is an immediate connection between the business entertainment and the activities of Umeå University. 'Immediate connection' refers to the time and place as well as the person or persons receiving the business entertainment.

Frequent business entertainment for the same person or group of people must be avoided. Business entertainment must not be luxurious. Expenses in connection with social life of a personal nature, or in connection with personal celebrations/anniversaries are not counted



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as business entertainment. In general, some restraint should be exercised when it comes to business entertainment.

3.2 Who decides on business entertainment

Decisions on business entertainment at the department or equivalent level are made in advance by the head of the department or equivalent manager. The University's rules and limits must be followed.

The rules in Sweden's tax legislation governing deductible VAT apply in all cases, and these provisions cannot be varied in local rules.

3.3 Exceeding the threshold amounts – exemptions

In exceptional cases, the Head of the Financial Office (Vice-Chancellor's Decision 16 December 2013) may decide to waive the applicable threshold amounts. A request to exceed a threshold amount must be made in writing, duly justified and submitted at least 14 days before the occasion of the business entertainment. Fill in the required form and send it to the Financial Office. Forms are available from the staff website.

Exceeding the threshold amounts without prior consent will result in a salary deduction for the person responsible for the business entertainment.

3.4 Business entertainment and alcohol

Umeå University has an administrative procedure for alcohol and drugs which aims to ensure an alcohol- and drug-free work and study environment, and all business entertainment must comply with this procedure.

The cost of wine and beer as a meal beverage may be counted as a business entertainment expense. The cost must be within the given limits (see Appendix 2). Spirit beverages may not be counted as a business entertainment expense.

3.5 Gratuities

For Umeå University, the following applies:

- Gratuities may not be left when visiting restaurants in Sweden.
- In exceptional cases, gratuities may be left when visiting restaurants abroad.

The amount may not exceed 5% of the business entertainment expense. Where left, like the food and beverages consumed, gratuities must be included in the business entertainment expense and must be accommodated within the threshold amount.

According to the Swedish Tax Agency, gratuities are a form of payment that falls outside the rules in the Value Added Tax Act, so there is no VAT on gratuities.



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3.6 Content of supporting documents

The date and purpose of the business entertainment must always be stated on the invoice or equivalent.

A list of attendees must be drawn up and attached to the invoice or equivalent.

In addition to the names of those who attended, the list must also state which public authority, company or equivalent these persons represent. Supporting documents must be the original documents. If the invoice does not clearly itemise the invoiced amount, a separate specification must be attached.

When business entertainment is provided at an individual's home, the Swedish Tax Agency and the Swedish National Audit Office place particularly high demands on the accounting records. Receipts from a supermarket or similar must be attached. If the costs cannot be fully or partially substantiated with receipts or invoices, a cost estimate must be drawn up for each occasion of this form of business entertainment. Otherwise, the same rules apply with regard to the content and form of the supporting documents as with other business entertainment.

Personal outlays relating to both external and internal business entertainment are reimbursed via the payroll system and registered in PASS, Umeå University's self-service system.

4. Forms of business entertainment at Umeå University

The applicable limits for business entertainment as well as rules for VAT deductions are set out in Appendix 2.

4.1 External business entertainment

External business entertainment refers mainly to the hospitality customarily shown to external visitors who are important to the University's operations. In cases of external business entertainment, the number of attendees from Umeå University must be well-balanced in relation to the number of guests. Business entertainment for accompanying spouses is permitted only in exceptional cases, and for specific reasons.

Examples of *negotiations* when external business entertainment may occur include negotiations with external donors and clients or negotiations with consultants and experts of various kinds. This also includes negotiations concerning drawing up contracts or agreements, such as agreements relating to cooperation projects.

Examples of *business entertainment with a public relations purpose* include the anniversaries and openings of important facilities, etc.

Students may be offered some form of refreshments in connection with introductions to courses and study programmes. Such arrangements are not regarded as business entertainment but should be seen as operating costs.



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Expenses for coffee breaks or light refreshments are expensed on account 5690 and meals on account 5531.

The threshold amount for external business entertainment that has been established at Umeå University and the rules for VAT deductions are set out in Appendix 2.

The posting rules for business entertainment are set out in Appendix 1 and 2.

4.2 External courses and conferences

When attending external courses and conferences, meals are usually taken together (lunch and dinner). If the employer has paid a registration fee that includes the cost of one or more meals, the employee is to be taxed for these free meals as a benefit. In cases where the organiser of an external course or conference offers a meal that is not included in the registration fee, this is regarded as business entertainment and no benefit taxation applies.

The programme, purpose and list of attendees must be attached to the invoice for course and conference fees. Where this information is available elsewhere than attached to the supporting document, a reference to it should be provided.

External courses and conferences are subject to the same threshold amounts as external business entertainment.

Breakfast and dinner are not normally considered to be part of a conference event and must therefore be reported separately. Costs for accommodation, travel and leisure activities must also be reported separately.

4.3 Cultural events – external business entertainment

The Swedish Tax Agency's interpretation is that in addition to the cost of food, beverages and service in connection with, for example, visits to restaurants, business entertainment expenses may also refer to tickets for theatrical performances, to museums and to sports facilities, etc.

When planning and choosing cultural events, restraint must be exercised. The applicable threshold amount guides the choice of activity. Otherwise, the same rules apply as for external business entertainment.

4.4 Internal business entertainment

Internal business entertainment is primarily a form of employee welfare. 'Employee welfare' includes staff parties with associated costs (rent of premises, cost of hired entertainment, etc.) and information meetings for employees.

Internal business entertainment in the form of a staff party may be utilised a maximum of twice per employee and year. A staff party can be:

- a meal;
- a meal in combination with a cultural event (see Section 8.2.6); or



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- a cultural event.

For an event or party to be approved as internal business entertainment, it must fit into one of the following categories:

- internal meetings for the University;
- a gathering, course or conference for all staff (all staff means all the staff of a department or unit, not the entire University);
- the gathering, course or conference lasts no longer than one week;
- the gathering is not a meeting held regularly at short intervals (every week or every other week), such as board or management meetings at different levels; or
- meals are taken together.

In the case of an internal gathering, course or conference, the following must be attached to the invoice to prove that it constitutes internal business entertainment:

- agenda or programme for the gathering, course or conference;
- the purpose and content must be stated on the agenda;
- list of attendees; and
- the invitation, where applicable.

4.5 Internal courses and conferences

Meals in connection with activities such as internal courses and conferences and planning sessions are not considered to be business entertainment – they are an operating cost. An internal course, conference or planning session may end with a dinner if included in the programme. If an internal course or conference or planning session lasts for several days, dinner on these days may be regarded as an operating cost.

In order for an internal course, conference or planning session to be seen as an operating cost, it must be clearly apparent from the programme that the content cannot be regarded as routine work. For example, this might be an activity where you will discuss the operational plan for the coming year. The activity must also last for at least six hours per day.

The six-hour rule can also be met over two days in the case of a lunch-to-lunch conference.

The programme, purpose and list of attendees must be attached to the invoice for course and conference fees. Where this information is available elsewhere than attached to the supporting document, a reference to it should be provided.

Costs for accommodation, travel and leisure activities must be expensed separately.

At an internal conference where the University purchases conference services via a procured supplier, the cost must be expensed on account 5794.



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For example, in connection with gatherings or work meetings, the attendees – employees as well as non-employees of the University – may be offered coffee or tea with pastries or similar in one of the University’s cafeterias.

Internal courses, conferences or planning sessions are subject to the same threshold amounts as apply to internal business entertainment. However, the activity does not need to target all staff; the attendees may be small working groups. Note that nevertheless the activity must involve something other than routine work.

Training of own staff

Course and conference costs related to employees’ professional development are classified as a staff cost (account class 4).

Course and conference costs that have an operational focus, such as network meetings or research conferences, are classified as a purchase of service (account class 5).

4.6 Cultural events – internal business entertainment

Cultural events that target all staff and are intended to foster better social contact may be paid for with funds administered by the University. Evidence must be provided of the purpose and benefit of the activity.

When planning cultural events, restraint must be exercised. The applicable threshold amount guides the choice of activity. The threshold amount may not be exceeded.

Internal business entertainment in the form of a staff party and/or cultural event may be used a maximum of twice per year and employee. See Section 4.4.

A staff party can be:

- a meal; or
- a meal in combination with a cultural event; or
- a cultural event.

4.7 Employee welfare benefits

In addition to the gifts that fall within the University’s rules governing business entertainment, the employer may provide certain basic employee welfare benefits tax-free to employees. These benefits refer only to basic measures intended to promote job satisfaction or the like. Employee welfare benefits are not classified as business entertainment; they are deemed an operating cost. Examples of benefits of this kind are:

- refreshments in the workplace;
- staff excursions; and



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- simple flower bouquets in the event of a bereavement, serious illness, death, anniversaries etc., or at the end of employment.

Costs for employee welfare benefits are posted to account class 4.

Contact the payroll staff at the Human Resources Office for information about tax-free and taxable employee welfare benefits.

5. Light refreshments for external and internal business entertainment

Traditionally, business entertainment includes meals such as lunch, dinner or supper. In some cases, however, the refreshments offered may be of a lighter kind. Examples include a sandwich and refreshments not associated with a meal.

The established threshold amount for light refreshments for external and internal business entertainment, as well as the rules for VAT deductions, are set out in Appendix 2.

The posting rules are set out in Appendix 1.

6. Business entertainment in the home

Business entertainment in the home should be used restrictively in view of the requirements imposed on the nature of the supporting documentation. In all other respects, the same rules apply as for external and internal business entertainment outside the home.

The established threshold amount at Umeå University for external and internal business entertainment in the home are set out in Appendix 2.

The posting rules for business entertainment are shown in Appendix 1.

7. Working lunch

There are times when a department or office offers its employees at the University working lunches. Only in exceptional cases – where all possibilities for finding another time for the meeting have been exhausted – may a working lunch be paid for by the University. Free working lunches for the same group of individuals on a regular basis will not be approved.

For a working lunch to be classified as internal business entertainment and paid for by the University, the following requirements apply:

- it must refer to internal work (not general discussions);
- the head of department or equivalent manager must have given their permission in advance; and
- the lunch must be taken at a premises on campus (restaurant, café or catering).



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Normally, a working lunch may not be used if the total meeting time, including the time to eat lunch, is less than three (3) hours.

The same rules and threshold amounts apply for working lunches as for other internal business entertainment. The date and purpose of the working lunch must be stated on the invoice or equivalent. A list of attendees must be drawn up and attached to the invoice or equivalent. Attendees must report the lunch as a food benefit.

The posting rules are set out in Appendix 1 and 2.

8. VAT deductions for business entertainment

Public authorities are not entitled to expense or claim compensation for input VAT for business entertainment expenses in accordance with Ordinance (2002:831) on public authority entitlement to compensation for input VAT.

This applies to all forms of entertainment such as meals, incidental expenses and hospitality gifts. In practice, the change means that the cost of VAT is expensed as part of the business entertainment expense. This change must be made manually when posting the invoice in Raindance.

The threshold amounts and deductible VAT amounts for other forms of business entertainment are set out in Appendix 2.

8.1 VAT deductions for business entertainment – EU funding body

For projects funded by an EU funding body, the same rules apply regarding VAT deductions for business entertainment as for other projects.

The Research Support and Collaboration Office answers questions specifically concerning EU-funded projects.

9. Gifts

Gifts can be divided into three categories: giveaways, hospitality gifts, and gifts to employees.

9.1 Giveaways

Giveaways mean gifts not of a personal nature and of relatively insignificant value, such as mugs, ties/scarves or similar goods. A gift of this kind may have the University's name and logo applied to it. Giveaways can be given to the person who is the host of study visits and visits to twin-town universities, or to organisers and attendees at conferences and seminars.



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9.2 Hospitality gifts

In connection with the signing of agreements of importance to the University or the commencement or the end of valuable cooperation, a hospitality gift may be given to a representative of another public authority, company or similar. A hospitality gift may also be given in connection with important openings or launches and anniversaries. Examples of such gifts are a flower arrangement, a book, a box of chocolates, a fruit basket or similar. For business entertainment in this form, it is essential that there is an immediate connection with the University's ordinary activities.

Expenses for wreaths or flower bouquets in connection with a death are also counted as hospitality gifts. A payment to a foundation cannot be made instead of funeral flowers because this is considered a donation, and donations are not permitted.

Input VAT for hospitality gifts is expensed as a business entertainment expense. See Appendix 2.

Further guidance concerning hospitality gifts in relation to the legislation on bribery and active corruption can be obtained from the University's legal officers.

9.3 Gifts to employees

The employer may give employees Christmas gifts and commemorative gifts. In order for a gift to be tax-free for the recipient, the gift must not constitute compensation for work done, nor may it be exchanged for cash. Securities or similar instruments are treated as cash. Gift vouchers and gift cards are not treated as cash provided that it is not possible to redeem them for cash.

Christmas gifts

Christmas gifts are tax-free if they are of low value. The value of a Christmas gift is limited to SEK 500 including VAT.

If the department or office buys Christmas gifts for its staff and receives a quantity discount, the following applies:

- If the gift value exceeds SEK 500 (= threshold amount per person for a Christmas gift), the cost is not the actual amount paid, but the amount, including VAT, that the employee would have paid for a private purchase of the gift in question.

Contributions to an organisation cannot be made instead of a Christmas gift as this is considered a donation, and donations are not permitted.

Gift voucher

Under certain conditions, gift vouchers are exclusive of VAT. This means that the entire gift amount, such as SEK 500 if it is a Christmas gift, is expensed. When buying a gift voucher, you must note whether you are purchasing a single-purpose voucher or a multi-purpose voucher.



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A *single-purpose voucher* is the term for a gift voucher that can be redeemed for a product or service where the VAT rate is known in advance. For example, if you buy gift vouchers for a store that only sells goods with a 25% VAT, the VAT will be included when you purchase the gift voucher.

A *multi-purpose voucher* is a gift card that can be redeemed for a product or service where you do not know the VAT rate in advance. For example, if you buy a gift voucher for a store that sells goods with different VAT rates and where the holder of the gift voucher can freely choose how they spend their gift voucher, it is not possible to determine the VAT rate in advance at the time of purchase of the gift voucher.

This means that when buying a gift voucher of this type, VAT is not included and you can then utilise the entire gift amount, such as SEK 500 if it is a Christmas gift, for the purchase.

Commemorative gifts

A commemorative gift means, for example, a gift that is given to an employee after a long period of service or at the end of their employment. The tax-free value permitted by the Swedish Tax Agency is determined each year.

Long period of service	The award “For Zealous and Devoted Service of the Realm” is given to those who have been employed by the government for at least 30 years. If the employee retires with a pension or there is some other special reason, the award can be given after 25 years of service.
End of employment	In addition to the award “For Zealous and Devoted Service of the Realm”, a commemorative gift may be given to an employee at the end of their employment, provided that the consecutive period of service has been at least six (6) years.

However, a gift at the end of employment cannot be given at the same time as the award “For Zealous and Devoted Service of the Realm”, because the combined value of the gifts would be too high and the gifts would become taxable.

Contributions to an organisation cannot be paid instead of commemorative gifts as this is considered a donation, and donations are not permitted.

The applicable amounts are shown in Appendix 2, “VAT rules and threshold amounts”.



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It is of great importance that all staff are treated equally in terms of the value of commemorative gifts at the end of employment. It is recommended that each department or office decides on different levels for the value of these gifts based on the period of service, for example:

6–10 years	SEK x
10–15 years	SEK xx
15–20 years	SEK xxx
> 20 years	SEK xxxx

9.4 Gifts to students

A gift to a student is equated with a hospitality gift, that is, a gift to an external party. A department may only give a gift or reward to a student if the gift is of low value.

Input VAT for hospitality gifts is expensed as a business entertainment expense.

9.5 Taking and giving bribes

Compliance with the University's anti-corruption policy is essential in all cases of business entertainment.



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Appendix 1: Posting rules

Type of business entertainment	Account	
External business entertainment Supplier invoices and reimbursement of personal outlays	5531	Business entertainment, not public sector. The number of attendees from Umeå University must be well-balanced in relation to the number of guests.
	5541	Business entertainment, public sector. The number of attendees from Umeå University must be well-balanced in relation to the number of guests.
	5532	Gifts, not public sector.
	5542	Gifts, public sector.
Internal business entertainment Supplier invoices and reimbursement of personal outlays	4931	Employee welfare: coffee, pastries, fruit and the like for the unit's own staff. Coffee and pastries at the unit's own meetings. Not meals.
	4932	<p>Congratulations or honouring someone such as refreshments at work, staff excursions and simple flower bouquets in the event of a bereavement, serious illness, death, anniversaries, etc., or at the end of employment.</p> <p>Maximum amount SEK 200 including VAT (for flowers maximum SEK 350 including VAT).</p>
	4961	Restaurants and food, not public sector. Refers to meals for staff of Umeå University.
	4962	Cultural and recreational activities, not public sector.
	4968	Gifts, not public sector.



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Appendix 2: VAT rules and threshold amounts

External business entertainment, permitted threshold amounts and VAT deductions:	
Meals	SEK 1,050 per person including VAT.
Light refreshments	SEK 125 per person including VAT.
Cultural events	SEK 400 per person including VAT.

Activity	VAT deduction	Posting	
External business entertainment, meal	No VAT deduction, expensed as business entertainment.	5531/5541	
External business entertainment, associated costs	No VAT deduction, expensed as business entertainment.	5531/5541	Hiring of tables and chairs, expenses for musical entertainment.
External business entertainment, cultural events	No VAT deduction, expensed as business entertainment.	5785	
External business entertainment, light refreshments	No VAT deduction, expensed as business entertainment.	5531/5541	
External course or conference organised by Umeå University, meal, see options below.			
Dinner is normally not included in a conference event and must be expensed separately.			
Dinner on the intervening days at a course or conference in the form of an offsite retreat	Full VAT deduction = operating cost.	5794	Dinner is included in the conference package.
Dinner on the intervening days at a course or conference not in the form of an offsite retreat	No VAT deduction, expensed as business entertainment.	5531/5541	Dinner is considered external business entertainment.



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Dinner ending the conference	No VAT deduction, expensed as business entertainment.	5531/5541	Dinner is considered external business entertainment
Lunch included in a conference event purchased from a procured actor	Full VAT deduction = operating cost.	5794	
Lunch ordered by the department or office where the conference is held in its own premises	Full VAT deduction = operating cost.	5794	
Coffee and pastries during a meeting, external attendees	Full VAT deduction = operating cost.	5690/5794	Programme before and after coffee break.

Internal business entertainment, permitted threshold amounts and VAT deductions:

Meals	SEK 650 per person including VAT.
Light refreshments	SEK 125 per person including VAT.
Cultural events	SEK 400 per person including VAT.

Activity	VAT deduction	Posting	
Internal business entertainment, meal	No VAT deduction, expensed as business entertainment.	4961	Refers to staff party maximum two times per year per employee.
Internal business entertainment, associated costs for staff parties	No VAT deduction, expensed as business entertainment.	4961	Hiring of tables and chairs, expenses for musical entertainment.
Internal business entertainment, cultural events	No VAT deduction, expensed as business entertainment.	4962	
Internal business entertainment, information meeting	Full VAT deduction = operating cost.	4931/5690	Coffee and pastries or light refreshments (= employee welfare).



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Light refreshments, employees	Full VAT deduction = operating cost.	4931/5690	Light refreshments are considered employee welfare (refers to staff).
Working lunch, employees	Full VAT deduction = operating cost.	4961	Conditions for working lunch: see the Finance Handbook Chapter 8 Business entertainment, Section 8.2.7.
Internal course/conference organised by Umeå University, meal, see options below.			
Dinner is normally not included in a conference event and must be expensed separately.			
Dinner on the intervening days at a course or conference in the form of an offsite retreat	Full VAT deduction = operating cost.	5794	Dinner is included in the conference package.
Dinner on the intervening days at a course or conference not in the form of an offsite retreat	No VAT deduction, expensed as business entertainment.	4961	Dinner is considered internal business entertainment = staff party, maximum two times per year per employee.
Dinner ending the conference	No VAT deduction, expensed as business entertainment.	4961	Dinner is considered internal business entertainment = staff party, maximum two times per year per employee.
Lunch included in a conference event purchased from a procured actor	Full VAT deduction = operating cost.	5794	
Lunch ordered by the department or office where the conference is held in its own premises	Full VAT deduction = operating cost.	5794	
Business entertainment in the home, threshold amounts and VAT deductions:			
External business entertainment, meal	SEK 1050 per person including VAT. No VAT deduction permitted, the entire cost is expensed as business entertainment.		



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Internal business entertainment, meal	SEK 650 per person including VAT. No VAT deduction permitted, the entire cost is expensed as business entertainment.
Light refreshments	SEK 125 per person including VAT. No VAT deduction permitted, the entire cost is expensed as business entertainment.
Hospitality gifts, permitted threshold amounts and VAT deductions:	
Hospitality gifts	SEK 600 per person including VAT. No VAT deduction permitted, the entire cost is expensed as business entertainment. Expenses for wreaths or flower bouquets in connection with a death are counted as hospitality gifts.

Other gifts, threshold amounts and VAT deductions:		
<i>Gifts etc. to external recipients</i>		
Giveaways	Gifts of insignificant value (SEK 100–200). Full VAT deduction.	5532 or 5542
Funeral flowers	SEK 1,000 including VAT. No VAT deduction permitted.	5532 or 5542
<i>Gifts to employees</i>		
Christmas gift ²	SEK 500 including VAT. Full VAT deduction. See Section 8.6.3 <i>Gifts to employees</i> .	4968
Commemorative gifts	SEK 6,000 including VAT. Full VAT deduction (except for gift voucher).	4968
Funeral flowers	SEK 2,000. No VAT deduction permitted. A payment to a foundation cannot be made instead of funeral flowers because this is considered a donation, and donations are not permitted.	4968

² If a purchase provides a quantity discount, the following applies: If the gift value exceeds SEK 500, the cost is not the actual amount paid, but the amount, including VAT, that the employee would have paid for a private purchase of the gift in question.



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VAT rate	Goods and services
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25%	Beverages (e.g. wine, beer) at restaurants and most consumer goods.
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12%	Food at restaurants, food purchased in supermarkets, and catering.
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6%	Theatre, ballet and opera tickets as well as tickets to sporting events.
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