

Rules for official entertainment and gifts at Karolinska Institutet



**Karolinska
Institutet**



Rules for official entertainment and gifts

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Introduction

Official entertainment is a natural part of Karolinska Institutet's (KI's) contacts with the surrounding community and is important for initiating and maintaining good connections with different partners, financiers and other stakeholders, both within the country and internationally. At the same time the area is covered by different rules which are important for the employee.

Official entertainment is only permitted within and in direct connection to the activities managed at KI. Official entertainment should be exercised in a restrained manner and with good judgement.

The rules apply to all activities, irrespective of financing and the location of official entertainment¹. The rules apply to all employees and affiliates which operate under KI's name, however not to students.

Official entertainment on a regular basis for the same person or group of people should be avoided and official entertainment may neither have a luxury feel.

Decision on official entertainment

The decision on official entertainment for KI rests with the:

- Vice-Chancellor
- Pro-Vice-Chancellor
- Deans
- Deputy Vice-Chancellor
- University director.

The decision on official entertainment for organisational units within KI rests with the:

- Heads of department
- Administrative managers.

Consequently, a decision or mandate from the afore-mentioned authorising persons is required for the official entertainment to be approved.

Exemption

It is important that the official entertainment does not appear to be extravagant, but is kept at a reasonable level and that it does not have such a direction that it may entail loss in confidence for KI. Normally the specified monetary limits shall apply. Any deviations from monetary limits may be approved following a decision from the University director. [The exemption application](#) should be filled in and approved by the head of department² and should then be sent to the HR director for processing before a decision can be made by the University director.

¹ Specific rules have been prepared for the activities at MWLC in Hong Kong, ref. no.: 1-242/2017.

² For the University Administration, it is necessary for the exemption application to be approved by the administrative manager.

Deviations from guidelines without approval mean that those who have acted as hosts will be personally liable for payment of the excess amount.

- Approval must be provided before official entertainment takes place.

Official entertainment

The term ‘official entertainment’ is not clearly defined in tax legislation. According to the Swedish Tax Agency, official entertainment may be used to refer to expenses for food, drink and service in connection with, for example, restaurant visits as well as to the cost of tickets for a theatre performance, museum, sports event, etc.

Various fiscal consequences may arise in connection with official entertainment. Pursuant to the Swedish Income Tax Act, essentially all benefits which are a part of the role are taxable. There are exceptions, among other things, for free meal benefits for official entertainment. Internal or external official entertainment is thus exempt from tax for the employee if the official entertainment complies with the applicable official entertainment rules.

KI does not defray tip in Sweden. In some countries outside the Nordic region, sometimes service charges or tip are not included in the prices stated in the price lists, menus or similar. In these cases, tip may be a part of the cost in practice.

For special cases KI may defray **light refreshments**. This may, for example, take place in connection with welcoming a new employee, training for employees in own premises or after a specific task has been completed. In situations where employees need to work long shifts without the opportunity of a break, if necessary KI may also defray light refreshments (*fruit, coffee, tea and cake, buns or small sandwiches*).

- The meeting manager is responsible for ensuring compliance with rules.
- Meals besides light refreshments are taxed as a benefit.

Official entertainment at home should be restricted. The concept ‘official entertainment’ does not cover social life of a personal nature or personal hospitality and will not be defrayed by KI. The same requirements for accounting apply for official entertainment at home as for official entertainment at KI’s premises. Grocery receipts or similar should be attached, the same monetary limits as above apply.

External official entertainment

Serves other organisations with the aim of creating, retaining or concluding good relations between KI and other activities.

The number of internal participants should be reasonable in relation to the number of external participants and in terms of the purpose of the official entertainment. Participation in official entertainment by the spouse of a KI representative or guest is only permitted in exceptional cases and then mainly in connection with official entertainment abroad or with foreign guests and should specifically be justified in the supporting documents.

- The official entertainment amount totals SEK 900/person (*incl. VAT*) and occasion of lunch, dinner or supper.
- Other expenses besides meals, for example, theatre tickets, may amount to SEK 450/person (*incl. VAT*).

Internal official entertainment

Serves KI's personnel and is usually a form of employee care. Internal official entertainment constitutes, among other things, staff parties, social activity days, information meetings, internal courses, planning conferences and team development. The gathering should be short and temporary in order to constitute internal official entertainment. Meetings which are held regularly (*every or every other week*) are not considered to be temporary.

Employee care

Staff parties are exempt from tax if they are held on a maximum of two occasions per income year. This applies irrespective of whether they take place within different organisational units as KI is an employer. Each additional staff party in addition to the two tax-exempt per year should be taxed as a benefit. Christmas buffets constitute staff parties.

[Read more about Christmas gifts and buffets for employees on the Swedish Tax Agency's website.](#)

Alcohol during both external and internal official entertainment should be restrained, which corresponds to maximum two standard glasses of wine or two beers per person. Non-alcoholic drinks should always be offered. Liquor may not be offered during internal official entertainment.

- The official entertainment amount may total maximum SEK 650/person (*incl. VAT*) and occasion of lunch, dinner or supper.
- Other expenses besides the cost of meals, for example, rent for premises and theatre tickets are permitted by SEK 450/person (*incl. VAT*).

Internal courses and conferences

For internal courses and planning conferences to be exempt from tax for participants, minimum six scheduled working hours per day are required in accordance with an agenda and a participant list. It is not permitted to compensate for a low number of hours on one day with more hours on another day. However, the travelling time may be considered during the calculation of number of hours.

Coffee/tea and cakes and biscuits during breaks as well as lunch with low-alcohol beer/mineral water may be offered during internal courses and planning conferences. Dinner may also be defrayed by KI. In terms of alcoholic drinks, restraint applies in the same manner as during internal official entertainment.

Internal courses and planning conferences which fulfil the afore-mentioned criteria should be reported as an operational cost and not as official entertainment.

External courses and conferences

External training or an external conference defrayed by KI is not considered as constituting official entertainment. If KI has paid for the participation and meals are included, participants should be [taxed as a benefit for the meal](#).

Supporting material for expense vouchers

The following should be attached for official entertainment to the expense voucher (*invoice or disbursements*);

- The purpose of the official entertainment,
- Agenda (*for internal courses and planning conferences*),
- Participant list and organisation/company,
- When applicable, a decision from the University director on approved deviations from the monetary limits,
- Original receipts and restaurant bills.

Gifts

Official entertainment may also comprise gifts to employees or guests and may be of various sort and given at different occasions.

If the monetary limits for gifts are exceeded, taxes are levied from the first Swedish krona. This also applies if the excessive share is paid privately or through collection. Therefore, it is not possible to supplement a gift from KI with a private collection in order to increase the amount in this manner.

Gifts to external recipients

Gifts to persons or organisations outside KI may be gifts for advertising or official entertainment gifts. The prerequisite for a gift to be given is that there is a direct link between the recipient and KI's activities. Each gift should be considered carefully taking into account applicable legislation on bribery as well as [KI's internal rules and guidelines on bribery](#).

Gifts for advertising are items of an impersonal nature and a relatively small value. Gifts of this sort may be equipped with KI's name or logotype and should comprise items from [KI's profile range](#). This type of gift may, for example, be given to the person who serves as host during a study visit or visit to other universities or to organisers and participants in conferences and seminars. Gifts for advertising are not taxable.

Official entertainment gifts may be given in connection with the signing of important agreements or when important cooperation starts or ends. Official entertainment gifts may also be given to representatives of other agencies, companies, countries, etc. in connection with important inaugurations and anniversaries. Examples of official entertainment gifts are flower arrangements, books, fruit baskets or similar. The maximum amount for official entertainment gifts is SEK 400 (*incl. VAT*).

When KI gives mementos to another agency or company, the maximum amount is SEK 1,700 (*incl. VAT*). A decision on such gifts is made by the Vice-Chancellor.

Gifts for employees

Gifts for employees are essentially on a par with compensation for performed work. This means that a gift from the employer is always taxable for the employee. However, the Swedish Tax Agency has decided on monetary limits for tax liability in order to avoid tax for the employee and social security contributions for the employer. Gifts for employees should always be given within the determined monetary limits. Anniversary gifts and mementos should be purchased in KI's profile shop unless there are particular grounds for purchase to be made elsewhere.

Christmas gifts for employees are exempt from tax provided that the market value does not exceed SEK 450 (*incl. VAT*).

Anniversary gifts (*KI anniversaries*) for employees are exempt from tax provided that the market value does not exceed SEK 1,350 (*incl. VAT*).

Mementos are gifts given to 'permanent' employees (*employment duration minimum 6 years*) in connection with employees reaching a certain age, having worked for a long duration (*NoR*) or when employment ends. A tax-exempt memento may be given on one occasion and when the employment ends. Thus, employees may receive maximum 2 mementos (*incl. NoR*) during their period of employment.

The limit for mementos at KI is set at SEK 1,700 per occasion except *NoR* which is handled in a specific procedure in accordance with the ordinance (*1974:225*) on the medal for "ardent and devoted service" and provisions from the Swedish Agency for Government Employers.

At KI mementos may be given at these occasions (however, maximum on two occasions);

- When an employee turns 50 or 60,
- *NoR*,
- When permanent employment ends.

Gifts for board members may, provided that the assignment is of a permanent nature (*6 years or longer*) be given on the same conditions as employees, otherwise gifts for board members are taxable for the recipient.

Other employee care items

Basic employee care items, for example, flowers or light refreshments during receptions, birthdays, end of employment, etc. may be defrayed by KI. This is not considered to be official entertainment or a gift but employee care. For the employee care items to be tax-exempt for the employee, they should serve everyone at the department, be of a limited value and be provided at the workplace.

During the farewell of a temporary employee, a basic gift from KI's profile shop may be given by an amount of max SEK 250 (*incl. VAT*).

In the event of illness or recruitment, basic flower bouquets can be given (*max SEK 400 excl. freight*) and in the event of death, funeral flowers can be given (*max SEK 1,500 excl. freight*).

Bribes

Those who accept what is referred to as ‘undue advantage’ may be guilty of accepting a bribe and those who offer or promise undue advantage may be guilty of bribery. An advantage is undue if it risks putting givers and recipients in some form of indebtedness or relationship of dependence or impacting decision-making. Therefore, KI’s employees must be attentive to the rules on giving and taking which are contained in the Swedish Penal Code. These rules apply to both official entertainment and other occasions.

Read more in the brochure [Code on Gifts, Rewards and other Benefits in Business](#), issued by the Swedish Anti-Corruption Institute.

Appendix 1

Summary of maximum permitted amounts and deduction frameworks for VAT

All amounts include VAT, unless stated otherwise. Deductible VAT - see guide to account coding. No VAT deduction is permitted for meal benefits.

For all refreshments, both external and internal and for internal courses and conferences, maximum two standard glasses of wine or two beers per person are permitted.

Form of official entertainment	Max cost/person and occasion
<i>External official entertainment</i>	
– lunch, dinner or supper	SEK 900
– other expenses besides the cost of meals, for example, theatre tickets	SEK 450
<i>Internal official entertainment incl. staff parties</i>	
– staff parties	Max 2 times/year
– lunch, dinner or supper	SEK 650
– other expenses besides the cost of meals, for example, theatre tickets	SEK 450
<i>Gifts and employee care items (external recipients)³</i>	
– gifts for advertising	Small value
– official entertainment gifts	SEK 400
– mementos from KI to another organisation	SEK 1,700
<i>Employee care (tax-exempt gifts to employees)</i>	
– basic gifts (<i>temporary employees, period of employment below 6 years</i>)	SEK 250
– Christmas gifts (<i>all employees</i>)	SEK 450
– anniversary gifts (<i>KI anniversaries</i>)	SEK 1,350
– mementos (<i>period of employment minimum 6 years</i>)	SEK 1,700
– flowers for employee care (<i>in the event of illness or recruitment, excl. freight</i>)	SEK 400
– funeral flowers (<i>excl. freight</i>)	SEK 1,500

³ Gifts given by KI to external recipients should be purchased from KI's profile shop.