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free, documentation-free way for employers to cover expenses while employees travel overnight for ...

Oct. 13, 2017



Per diems are a great way to control travel and entertainment expenses — and both small and large companies take advantage of this program.

The federal government and all states have three systems to compensate employees for per diems. Using per diems not to exceed federal rules are a worry-free, documentation-free way for employers to cover expenses while employees travel overnight for business.

[From the Thomson Reuters blog.](#)

Two of these programs are known as **CONUS** (Continental United States) and

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- Standard CONUS rates apply to all counties not specifically listed in the GSA's per diem rate table. The maximum standard per diem rate for travel locations not listed in the per diem rate table will increase from \$142 to \$144 on October 1 (\$93 from \$91 for lodging, \$51 (no change) for meal and incidental expenses or MI&E). The standard rates cover most of the 2,600 continental U.S. (CONUS) counties.
- Per diem rates for localities that do not have standard rates (i.e., non-standard areas or NSAs) are listed in the per diem rate table. Total per diem rates by locality in FY 2018 range from \$144 to \$498. Aspen, CO (Pitkin County) has the highest per diem rate in the table (i.e., \$498 during the period from December 1, 2017 to March 31, 2018).
- There are six possible M&IE rates (i.e., \$51, \$54, \$59, \$64, \$69 and \$74) — no change. Lodging rates for locations listed in the per diem rate table will range from \$93 to \$424 in FY 2018.
- If paid at or below the federal limits, you can eliminate the burden of any reporting — i.e., nothing on W-2s. Any reimbursement over the tables is taxable income to the employee.

Note — you can pay per diem meals and actual lodging, but you cannot pay per diem lodging and actual meals.

The federal government no longer prints the tables, but you can [access the tables online](#).

The OCONUS rates for 2018 have not been released as of yet, but [here's a handy site for OCONUS rates](#) that you can reference.

An optional method is High-Low — this means that an employer may pay a per diem amount to an employee for business travel, instead of reimbursing actual substantiated expenses for away-from-home lodging and meal and incidental

expenses (M&IE). The amount is treated as if it were made under an accountable

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The IRS released the 2015–2016 per diem rates for substantiating employees' business expenses under IRC Sec. 274(d) for lodging and meals and incidental expenses incurred while traveling away from home. The M&IE rates for the transportation industry remain at \$63 for travel in the continental U.S. and \$68 for travel outside the continental U.S. The per diem for travel to high-cost localities increases from \$275 to \$282 (\$214 for lodging and \$68 for M&IE), while the rate for travel to other localities increases from \$185 to \$189 (\$132 for lodging and \$57 for M&IE). The incidental expenses only rate remains at \$5 per day. The updated rates and list of high-cost locations apply to per diem allowances paid to employees after September 30, 2016 (Notice 2016-58).

To put it simply, if the city is listed, the rate will be shown — and if the city is not listed, you should use the low rate for reimbursement. The 2018 rates have not been released as of this publication date; however, you can [refer to this IRS website for updates](#).

Please note that, once you decide on a method (CONUS or High-Low) for an employee, you cannot change the method for the entire year.

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