

## Regents' Policy 3.9 Exhibit A: Taxes Related to the Expenses of the University President's Spouse

The Internal Revenue Service (IRS) requires a spouse to have a bona fide business purpose, business activity, and significant involvement with these business activities, in order for the spouse's expenses to be non-taxable. Below are a few examples of the events that the spouse of a University President ("Spouse") may attend.

### Fundraising Events

The Spouse may participate in a bona fide fundraising event; however, the Spouse must demonstrate that there is a specific and significant involvement reason for the fundraising event. It is not sufficient for the Spouse to merely state that attendance was required or presence was necessary.

An event that is not entirely a fundraising event, such as a Bowl Game or athletic event, may be treated as a bona fide fundraising event if significant business activities occur, such as entertaining current or prospective donors, or hosting University guests and other dignitaries. Additionally, the University may hold Bowl Games or athletic events at which the spouse is expected to participate in hosting.

The Spouse will provide documentation reflecting the following information:

- Names of donors at fundraising event;
- Specific actions that the Spouse performed for the fundraising event purpose, e.g., presentations or spoke with specific donors; and
- Length of time at the fundraising event.

### Conferences, Seminars, and Conventions

The Spouse may attend conferences with the University President; however, mere presence or networking at conferences with other colleagues or partners will not justify a bona fide business purpose. Some conferences may offer educational programs for spouses of the University President, attending such educational programs would be treated as a bona fide business activity and the Spouse should provide sufficient documentation of registration and attendance.

When no such educational programs are offered to the Spouse, the Spouse must provide sufficient documentation of engaging in substantial business activities at the conference. Sufficient documentation may include a description of the business activity and an estimate of time spent on such activities during the conference.

### Community Events

The Spouse should provide the following documentation or records for community events:

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- Description of community event;
- Specific business activities engaged at community event for promotion of the University; and
- Length of time at community event.

## Recruitment Events

The Spouse's participation in a dinner or other event where the purpose is the recruitment of one or more potential University employees is a legitimate business activity for which related expenses may be reimbursed, provided that the "significantly involved" standard is met. An event may be a bona fide "recruitment" event if recruitment is not the event's primary purpose, so long as significant recruitment activities are conducted at the event.

It is not sufficient to simply attend the event. Rather, the Spouse should provide written records showing:

- The names of the persons being recruited;
- A description of the manner in which the Spouse participated in the recruitment of the persons; and
- The length of time of the event and the approximate amount of time that the Spouse spent at the event on specific recruitment discussions. At least 50% of the Spouse's time should be devoted to such discussions.

## Award Presentations

The University President often receives awards and is required to travel to out-of-town locations where the award is presented. In these situations, the IRS presumption is that there is not a significant business purpose for the Spouse to travel to the presentation with the President; therefore, any travel expenses of the Spouse related to the University President's receipt of an award would be taxable and included in the University President's gross income.

