

CLIENT ADVISORY

IRS UPDATES “PER DIEM RATES” FOR EMPLOYEE TRAVEL REIMBURSEMENT

In Rev. Proc. 2008-59, the IRS updated the simplified per diem rates that employers can elect to use, rather than reimbursement for amounts actually expended, to reimburse employees, without the need of receipts, for lodging, meals and incidental expenses incurred in business travel away from the employee’s home. Rev. Proc. 2008-59 also raised the listing of “high-cost” and “low-cost” localities from the last listing in 2007.

The per diem rate, effective October 1, 2008, for “high-cost” localities is \$256, and is \$158 for “low-cost” localities.

If the optional “per diem rates” reimbursement is not elected, the reimbursement amount is for expenses actually incurred, which needs to be the subject of proper substantiation.

Obviously, an employer should set forth the procedures, irrespective of whether the employer uses reimbursement for actual expenses or uses the per diem rates, in the employee handbook.

OHIO’S MINIMUM WAGE TO INCREASE JANUARY 1, 2009

On January 1, 2009, Ohio’s minimum wage rate for employees 16 years and older will increase from \$7.00 per hour for 2008 to \$7.30 an hour for 2009. The rate for tipped employees increases from \$3.50 an hour to \$3.65 an hour. The increase is based on the 4.6% increase in the Consumer Price Index between September 1, 2007 and August 31, 2008.

The 2009 \$7.30 an hour minimum wage applies to employers with gross revenues greater than \$267,000 a year (up from \$255,000 a year for 2008). The minimum wage for employers with gross revenue under \$267,000 a year will be \$7.25 an hour for 2009.

The minimum hourly rate for employees under the age of 16 increases to \$7.25.