PAYBACK GROUP

Procedural Instructions

Travel and Material Expense Guidelines

Date of: 01.01.2024

Release and effective date of the Procedural Instructions for Travel and Material Expense Guidelines: 01.01.2024________________ signed by Michael Hildebrandt, Purchasing & Internal Services Manager

Table of contents

History:

Version	Date	by	Changes
PA1	03.08.01	Susanne Hirschel	Created
PA2	08.08.01	Ulrich Moser	Layout revisions
PA3	14.08.01	Esther Schinkmann	Content revisions
PA4	16.08.01	Ulrich Moser	Layout-revisions
A1	16.08.01	Esther Schinkmann	Content revisions
A2	01.03.02	Anja Unverzag	Content revisions
A3	01.05.02	Esther Schinkmann	Content revisions
A4	15.07.02	C. Ziehfreund	Content revisions
A5	01.10.02	C. Ziehfreund	Content revisions
A6	01.06.05	Anja Unverzagt	Content revisions
A7	01.09.05	Anja Unverzagt	Content revisions
A8	01.07.06	Cordula Starke	Content revisions
A9	01.07.07	Cordula Starke	Content revisions
A 10	01.11.09	Kerstin Pönip-Rose	Complete revision
A 11	01.01.12	Michael Hildebrandt	Content revisions
A12	01.01.14	Sabine Grundmann	Complete revisions
A13	01.01.15	Sabine Grundmann	Content revisions
A14	15.07.15	Sabine Grundmann	Content revisions
A15	15.10.15	Sabine Grundmann	Content revisions
A16	02.05.17	Sabine Grundmann	Content revisions
A17	01.11.19	Sabine Grundmann	Content/Layout revisions
A18	08.01.20	Sabine Grundmann	Content revisions
A19	01.03.2021	Sabine Grundmann	Content revisions
A20	10.02.2023	Sabine Grundmann	Content revisions

1. General provisions

1.1. Scope

These Travel and Material Expense Guidelines regulate the procedures for preparing, undertaking and settling expenses for business trips, including any associated material expenses, representation expenditure and hospitality services. The details of the guidelines provide information about the type, manner and form of expenses that are covered, and for which corresponding reimbursements can be requested through travel and material expense accounting.

The guidelines apply to all employees of the entire PAYBACK GROUP as well as to its trainees, interns, volunteers, working students and employees leased (friends) if these persons are required to take a business trip. The only exception is the settlement method of travel expenses by MobileXpense. Friends account for their travel expenses directly with their respective employers according to their form.

Please note that all business activities and thus also business trips must comply with the American Express Code of Conduct as well as the Anti-Corruption Guideline (to be found in the Toolbox under “Other important Points/AMEX & Compliance/Global Compliance and Ethics”).

The PAYBACK GROUP currently consists of the following companies:

Loyalty Partner GmbH
Loyalty Partner Solutions GmbH
Loyalty Partner Polska Sp.z.o.o.
PAYBACK GmbH
PAYBACK Austria GmbH

If special regulations are required for foreign companies, these can be established in additional country-specific supplementary guidelines.

Business trips are generally defined as trips lasting up to 30 days.
Longer trips must be reviewed to determine whether they are considered postings in the form of Short Term Assignments (STAs) or Long Term Assignments. Please contact Human Resources (HR)in this case.

1.2. Organizational responsibilities

The following organizational responsibilities were assigned for performing the processes established in the Travel and Material Expense Guidelines:

Activities	Responsibilities
Booking of business trip	Employee/ Assistant: as of Department Management level
Travel expense accounting	Employee/Assistant (as of DM-Level) using MobileXpense
Material expense accounting	Employee/Assistant (as of DM-Level) using MobileXpense
Approving travel and material expenses	Cost center representative and Finance/Accounting using MobileXpense
Booking and payment of travel and material expenses	Finance Accounting
Ensuring compliance with the Travel and Material Expense Guidelines	Central Purchasing for Loyalty Partner GmbH

1.3. Definition of business trip

As per § 4 Para. 5 and §3 No. 16 EStG [Income Tax Act], a business trip is when an employee temporarily works outside his or her home and outside the main location of his or her permanent professional workplace, for professional reasons.

Only employees with a primary workplace can be temporarily absent from this workplace and thus considered to be on a business trip. If the employee does not have a regular workplace, the business-trip rules do not apply.

- A primary workplace assumes that the employer is permanently allocated to a fixed operational facility of his or her employer or an affiliate (e.g. parent company or subsidiary) or third party designated by the employer (e.g. client). This means: indefinite, every working day, or 2 full working days a week, or at least one third of agreed regular working hours.
- Home office essentially does not constitute a primary workplace.
- In case of constantly changing activity sites the employer may specify a primary activity site. Where not designated by the employer, the activity site nearest the home shall be the "primary activi-ty site".
- External activity is temporary if the employee returns to his or her (primary) activity site after completing the external activity and continues his or her professional activity there.
- The business trip begins upon departure from the employee's workplace or home. The return journey must be made after completion of the external activity (exception, see 1.3.3). The business trip ends upon return to the workplace or home.

1.3.1. Approval of business trips

Business trips are not approved by the PAYBACK GROUP in advance. The budget for travel expenses is established by the cost center manager during the annual planning process.
Exception: Until further notice all Intercontinental business trips and flights, must be approved in advance by the CFO (Markus Knorr).

1.3.2. Employees traveling together

Before the trip, cost/benefit and safety aspects must be considered in order to determine the maximum number of employees who will take a joint business trip.

1.3.3. Private extension of business trips

Private extension of business trips is possible if the company does not incur any additional costs as a result. The business trip ends with the completion of the business activity. Any additional costs incurred must be borne by the employee. Costs have to be discussed in advance with the cost center manager and have to be recorded on the basis of supporting documents.

1.4. Travel Profiles (KDS and Railhub)

At PAYBACK GROUP there are two ways to make travel reservations - the use of these tools is mandatory:

- By **Online Travel Tool KDS** for air travel, hotel accommodation and rental cars and
- by **Railhub** for rail travel.

KDS

In order to being able to make travel bookings via the predefined online travel tool, employees are given a travel profile in the **KDS Tool** (American Express Travel Tool).
This must be requested by the team assistant at Travelmanagement and completed by the employee.

Recorded are:

- Company
- Name
- Personnel numbe
- Cost Center

Furthermore, a separate **personal credit card** must be deposited. This may be either the AMEX company credit card or a private credit card. The KDS tool is used for booking flights, hotel rooms or rental cars.

Railhub

For Rail Travel each traveler must register himself at the rail tool **Railhub**.
The Access Code is: Train11.
The use of these tools is mandatory.

Attention: very important!
Each call for information at the Travelservice Team, that does not lead to a booking is charged with 20 Euro!
Rail Travel that is not booked online is charged with 25 Euro per train ticket!

1.5. Selection of means of transport

In general, all travel bookings shall be planned as soon as possible in order to take advantage of the **most cost-effective means of transport.**
The means of transport is selected exclusively based on economic aspects.
The shortest and/or most cost-efficient travel route for the company must always be selected.

When choosing a means of transport, the accessibility of the destination, the availability of the means of transport and the number of travelers shall be considered.

1.5.1. Train travel/BahnCard (e-Banf)

Train travel is not fundamentally preferable to air travel unless the company has provided the employee with a BahnCard.
Both travel options, train or airplane, should be considered according to the specific travel route and travel dates (in terms of time and cost).
Train trips may be booked in first class, with regard to Point 1.5.

BahnCard

Use of the BahnCard shall be checked before the business trip.
Frequent train travelers should use a BahnCard or another country-specific rail customer card.

The BahnCard shall be ordered through the purchasing tool **E-Banf** and has to be approved by HR, TAX and the cost center manager during the ordering process. Before placing the order, the employee must send the signed “BahnCard order form” (Word templates – LP tab) to HR. If the BahnCard is amortized according to the calculation, it remains free of income tax, regardless of whether all planned trips are actually made or could not be made due to illness, lockdown, etc. The amortization calculation must be attached to the BANF as a receipt.

1.5.2. Air travel

For domestic flights and flights within Europe, Economy class shall generally be used, or the cheapest alternative based on fares. Exceptions require the approval of a Managing Director.
For intercontinental flights, Business class may also be booked.
Until further notice all Intercontinental business trips and flights, must be approved in advance by the CFO (Markus Knorr).
Direct flights (point to point flights) must be booked online.
Frequent flyer programs (such as Miles & More) cannot influence the choice of airline.

1.5.3. Company cars

Business trips shall, where possible, be made with a company car/pool car if this is the most favorable alternative in terms of time, purpose and cost.

If no company car is available and if travel by train or air is not acceptable, one of the following alternatives can be selected:

1.5.4. Rental cars

A rental car can be used if

- train/air travel is not an efficient, functional or cost-effective alternative,
- no company car/fleet vehicle is available,
- public transportation is not a reasonable alternative and/or more than one employee is traveling, and if the cost of the rental car is lower than the total costs for the train/airplane/public transportation.

Rental cars are booked by the assistant using the KDS Tool:

- In the KDS Tool company conditions are recorded.
- General contracts contain conditions for all relevant destinations.

Attention, very important:

- **On principle, a compact-class vehicle (e.g. VW Golf, etc.) must be chosen.**
- **The rental car must always be returned with a full tank of gas** in order to avoid the higher fuel fees charged by rental-car companies.

1.5.5. Personal cars

Personal cars can be used for business purposes under the following conditions if

- train/air travel is not an efficient, functional or cost-effective alternative,
- no company car/pool car is available,
- public transportation is not a reasonable alternative and/or a rental car is not practical due to the short distance or cost.

The **use of a personal car requires prior written approval from the cost center manager**, using the corresponding template (“Approval for use of a personal car on business trips” – form provided in the respective Word templates for the individual companies, under the “pkw_nutzung” file or in the Toolbox/Finance/ Travel Expense Guidelines/Forms, Approval_trip_by_private_car. This approval shall be included with the respective travel expense report.

1.5.6. Transfer (journey starting point)

For travel to and from the airport/train station closest to the employee's home / workplace, public transport is preferred (e.g. subway, streetcar, bus, etc.).
In exceptional cases, company cars, personal cars and taxis may also be used.

1.5.7. Transit (at destination)

Travel to the destination shall be made via public transport wherever possible. If this is not possible for timing reasons or if using public transportat is unreasonable, a taxi or rental car may be selected.

1.6. Selection of hotel

Accommodation reservations and/or bookings are handled by the assistant.
The assistant will make bookings according to the special conditions of the company travel agency and/or any general agreements which have been concluded.
Essentially bookings are made with consideration for cost awareness and critical assessment of the price-performance ratio.

1.6.1. Limitation of costs:

In Germany, the maximum amount is EUR 150.00/night plus breakfast.
Internationally, the maximum amount is the equivalent of EUR 200.00/night plus breakfast.

If accommodation cannot be found in this price category, approval must be obtained from the cost center manager by email, without a form, before the assistant makes a booking and has to be added to the expense note.

1.7. Insurance coverage

1.7.1. Accident insurance

Every employee is insured against accidental damage during business trips, within the scope of the employers' liability insurance association requirements. More information can be found at www.vbg.de (only German Version available).

1.7.2 Health insurance abroad

For business trips abroad international health insurance is provided through Barmenia Versicherung.
This international health insurance distinguishes between:
•trip/stay shorter than 90 days = short-term travel insurance and
•trip/stay longer than 90 days = full-cost insurance.

1.7.3 Short-term travel insurance

For shorter business trips abroad (1 - 90 days), the travel dates and country of travel must be reported to the team assistant in advance; this information is forwarded to HR and added to a corresponding insurance list. At the end of the year, HR reports the total number of travel days to the health insurance company, which then insures all short-term trips during the year. All important information about emergencies, benefits and reimbursements can be found on the short-term travel insurance data sheet, in the Toolbox under Human Resources. Please print this sheet and keep it with your travel documents!

1.7.4. Full-cost insurance

For longer business trips abroad (90 days or longer) or shortterm assignments (STAs), contact HR to conclude an individual health insurance policy. Information about this can also be found in the Toolbox under" Human Resources/Working abroad".

1.7.5. Social insurance

For **business trips within the EU/European Economic Area and Switzerland**, it is necessary – for technical reasons relating to social insurance – to have applied for an **A1 Certificate** with adequate time in hand before the trip.
This is because the law requires employees on business trips in foreign countries to carry with them a paper version of the social insurance ID (referred to as the "A1 Certificate"). This Certificate confirms the application of German social insurance law in the country to which the employee has been sent. This Certificate must be presented **in paper form** for official inspections or in situations such as accidents at work in the foreign country.
The A1 Certificate must be applied for from HR's Team Assistant no later than by **2 weeks before the business trip begins**. HR will in turn apply for the A1 Certificate on the employee's behalf and have it sent to him.
For business trips to countries outside of Europe (such as India, the USA etc) an *SV (German abbreviation for social insurance)* certificate (such as DE/IN101) must be applied for, **no later than 3 weeks before the start of the trip**. For this purpose, please consult team assistant. Team Assistant will then use the appropriate form to apply to HR for this certificate.
Further information on this and on the social insurance agreements with the corresponding countries can be found on the GKV-Spitzenverbands website (*National association of statutory health insurance funds*).

1.7.6. Vehicle insurance

For employees of the German companies, comprehensive insurance with a 550-EUR deductible (partial coverage EUR 150.00) is concluded for the use of a personal car - takes place automatically when the car trip is approved. see form in the Toolbox in Finance/Business Trips/Travel Expense Guidelines/Forms.

1.7.7. No company insurance for personal extension of business trips

If an employee wishes to start a trip early or extend a business trip for personal reasons, the business traveler is not insured by the company before or after the end of his or her professional activities.

1.8. Working hours regulation for business trips

Work time during business trips is treated according to the general rules. Travel time is considered work time. Travelling time is assessed as working time if it takes place within the agreed regular working hours. Any additional time travelling on flights, alongside waiting time, will be calculated as the business trip's travel time.
For example, driving a car counts as "active travel time", whilst flying or travelling by public transport does not (these count as "passive travel time"). Exception: if – for example during a train journey– work-related emails are written or work-related telephone calls are made, this counts as "active travel time", in other words working time.

1.9. Entry requirements (including a passport)

Employees of the PAYBACK GROUP are responsible for keeping their passports up to date and for obtain-ing all necessary travel documents in a timely manner.

Information on current entry requirements such as vaccination and health requirements, work and residence permits for international travel, where necessary shall be obtained by the assistant or by the employee of the PAYBACK GROUP himself/herself.
The same applies to procuring and applying for visas.

1.10. Safety

If you have any questions about safety and health while traveling, please consult the Human Resources page in the Toolbox under “Human Resources/ Working Abroad/Health & Safety.”

2. Travel expense report

2.1. Type and format of receipts (digital receipts!)

Travel expenses and incidental travel expenses must be verified by original electronical receipts or electronical captured original receipts (hotel bills, restaurant receipts, gas receipts, etc.) in order to claim these expenses.

2.1.1. Mandatory components for the tax recognition of receipts

In order for receipts to be **recognized for tax purposes**, the following information must be provided for domestic and international travel expenses on every document:

- **Invoice recipient = the respective company:** e.g. PAYBACK GmbH
- Invoice text = service rendered (e.g. hotel accommodation, meal entertainment, office supplies etc.)
- Net and gross tax
- Value-added tax must be shown as a percentage and as the amount in local currency
- Name (and possibly department) of the employee (so that costs for the respective business trip can be clearly allocated)
- Address and tax number of the invoicing party.

2.1.2. Particular tax-related rules for German employees

Germany

Because of the current tax policy in value-added taxes for hotel services in Germany, hotel invoices within Germany must show accommodation and breakfast – where booked – separately, with the respective net amount, tax rate and value-added tax.
Unfortunately, we cannot accept any other formats.

Abroad

This rule does not apply to travel outside Germany, since the old simplification rule can still be used there due to different value-added tax rates.

2.1.3. Electronic recording of receipts

The PAYBACK GROUP uses for the recording of travel expenses the software MobileXpense, which is available as Web-Application as well as by the APP SpendCatcher.

Travel expenses are **recorded electronically** by employees by scanning or uploading an unalterable electronic file (PDF).
Basically, scanning can be done in two different ways:

- By **mobile scanning** via **photograph** by **smartphone**
- By **scanning** with a **stationary scanner**

Subsequently, the documents captured in this way are assigned to a transaction.

- Receipts received electronically by e-mail as PFD or a common image format can also be assigned to a transaction by drag & drop

The detailed usage of the WebApplication or the APP are described in the MobileXpense How To in the Toolbox.

2.1.4. Requirements for the electronic submission of receipts according to GoBD

(GoBD = German short form of: The principles for the proper keeping and storage of books, records, and documents in electronic form, as well as for data access)

In order to process receipts electronically and maintain paperless archiving, the receipts must meet the following criteria:

- **Completeness**
- **Correctness**
- **Traceability**
- **Verifiabilty**
- **Immutability (Unchangeabilty)**
- **Factual and temporal order**
- **Timeliness**
- **Availability**
- **Legibility**
- **Authenticity**

2.1.5 Quality requirements for electronic receipts

To meet the high-quality requirements, the following measures must be taken into account when photographing receipts using a smartphone or a stationary scanner:

- Photograph on a dark background!
- **Capture documents completely** - i.e. take photo with sufficient spacing, or scan all pages!
- **Margins must not be cut off**
- If the reverse side is printed with textual components (e.g. general terms and conditions), the reverse side must also be photographed/scanned.
- In the case of **multi-page documents**, **all pages** must be photographed/scanned.
  If the information on the reverse sides is identical for all pages, it is sufficient to record the reverse side once.
- **The information on the documents must be legible without any doubt.**
  This applies in particular to small fonts, texts on a dark background and light fonts.
- The **legibility of the original documents must not be impaired** by creases or folds.
  Repeated photographing may be necessary if this is not the case.
- When **photographing** with smartphones, **ensure sufficient exposure** and avoid mirroring or overexposure when using the flash.

2.1.6. Retention and destruction of original documents

Original receipts must be kept until the settlement has been completed (final approvals) and paid out.
If necessary, another scan must be submitted if the quality of the submitted receipts is not perfect!

Paper receipts **MUST be destroyed** only **after receipt of payment**.

2.2. MobileXpense accounting tool

The web based tool MobileXpense must be used to account for travel expenses either by using the web version, which is available in any browser under www.mobilexpense.com or by using by the app SpendCatcher. The app can be downloaded from both the PlayStore for Andoid and the AppStore for iOS.

Questions about opening/blocking accounts and about orientation training for new employees are answered under the Outlook mailbox: **mobilexpense-helpdesk@loyaltypartner.com**

Background information, helpful tips and a link to online training can be found in the Toolbox/Finance/Invoicing of Travel Expenses.

2.3. Advance payments on travel expenses

As a rule, travel expense advances are not granted.

2.4. Company credit card

Company credit cards can be requested from Central Purchasing for regular travel expenses amounting to about € 400,00/month.

Use of the company credit card is limited to business purposes. Personal payments are excluded and can only be accepted within the scope of small unavoidable costs, for instance on hotel invoices (minibar). These exceptions are considered personal costs and are offset against the incurred travel expenses or deduced from salary.

These costs are also subject to the same formal and content-related rules as the other travel costs, for instance submitting original receipts, invoices issued to the company address, etc.

2.5. Accounting process and deadlines

Business trips are accounted for in MobileXpense by the employee himself or eventually, as of DM-Level, by assistants. For this purpose traveling employees are given access to the travel expenses program by means of a user ID and a password (further information on handling is available in the toolbox under "Finance/Business Travel”. Substitution by the assistant can be set up by notification of mobileXpense-helpdesk@loyaltypartner.com.
The processing of business trips in MobileXpense is done in a timely manner.

Approvals at PAYBACK GROUP are issued in two independent steps: by the cost center manager and by Finance/Accounting.

Settlements are sent to the electronic approval workflow using the electronic "Submit" function.
Cost center managers and their deputies then receive electronic notification of pending approvals. Settlements can be viewed, approved, rejected, or partially rejected electronically down to the transaction level in both the web version and the APP.

The travel expense processors in Finance/Accounting draw up reports at least once a week on submitted/approved settlements for receipt checking, second approval (dual control principle), posting and payment.

Electronic receipts must be added or uploaded for all expenses specified in the travel expense report, which fulfill both the tax requirements and the GoBD requirements.
Exceptions to this rule are per diems for meals and mileage for private car trips.

- For per diems, the travel agency's travel plans must be uploaded as a PDF for flight bookings. Per diems for other trips may not be documented, their authorization is either legitimized by other receipts from the period or by the approval of the cost center manager.
- For the settlement of mileage with the private car (not for company cars!), the approval of the cost center manager must be obtained in advance for insurance reasons and added to the settlement via drag & drop.

In the case of missing or incorrect receipts, expenses will generally not be reimbursed by the PAYBACK GROUP.

On principle, instructions must not be made to oneself.

2.5.1. Deadlines for submitting reports:

Frequently travelling employees submit their reports and the necessary receipts on a weekly basis.
Infrequently travelling employees should keep track of business expenses and settle them monthly.
Individual reports under €10.00 are to be avoided.

2.5.2. Deadlines for approving reports:

Approvals should be made within 5 working days. A systemic reminder is issued here weekly on Mondays.

2.6. Exceptions

Exceptions to the rules established in the Travel and Material Expense Guidelines must be made in writing and approved by a Managing Director.

3. Reimbursement of travel and material expenses

3.1. Definition of travel expenses

Travel expenses at home and abroad include accommodation expenses, additional food expenditure, incidental transport and travel expenses generated by the employee's approved professional external activities. Expenditures incurred only indirectly through the trip (e.g. purchasing reading materials, clothing or travel supplies, etc.) are not included in the travel expenses.

3.2. Incidental travel expenses

Incidental travel expenses include professionally required expenditures.
These can be reimbursed according to actual expenses based on receipts and are tax-exempt.
Fines and penalties imposed in relation to business trips will not be covered by the employer.

<u>The following are examples of reimbursable expenses:</u>

- ✓ Expenditures for road use and parking fees
- ✓ Professionally required long-distance calls, faxes, correspondence
- ✓ Exchange fees
- ✓ Transport and storage of luggage
- ✓ Taxi costs
- ✓ Admission fees
- ✓ Appropriate tips (only for hospitality, and only if recipient provides a receipt)
- ✓ Compulsory vaccinations for trips abroad

<u>The following are examples of non-reimbursable expenses:</u>

- Newspapers, magazines
- Travel guides
- Costs for the minibar and pay-per-view TV
- Laundering costs for clothing (exception: business trips longer than 14 days)
- Penalties and fines
- Purchases of electronic devices such as iPads/tablets **(eBanf** requisition via Central Purchasing must be used for this)

Internal receipts are accepted only in exceptional cases. Refer to section 4.5.(Internal receipts).

3.3. Transport/flight costs

3.3.1 Public transport

Actual expenditures for using public transport during business trips (train or plane trips) will be reimbursed according to the proven amount, and are tax and duty-free.

3.3.2. Personal cars

Travel costs for journeys by private car are reimbursed at the current rate of € 0,30/km. Costs for passengers are not reimbursed. Where applicable, deductions may be made for flat-rate comprehensive insurance for individual subsidiaries (currently only applies to Germany).

The settlement of the kilometers is done with the travel expense tool MobileXpense.
For insurance reasons, the approval of the cost center manager must be obtained in advance and added to the finished statement as a PDF via drag & drop.

3.3.3. Rental cars

When using a rental car, the employee will be reimbursed for costs according to the receipt. Rental-car invoices must be issued to the respective company.

3.3.4. Taxi

Taxi expenses are being reimbursed as stated on the receipt. In this context, the legal rules applicable to taxi receipts must be adhered to (taxi firm's name, the amount charged, VAT ID, journey's starting point and destination). The formal requirements applicable to taxi receipts can be found in the Toolbox under "Finance/Travel Expense and Material Guidelines/Forms, Formal requirements for taxi receipts

3.4. Additional food expenditure

For business trips on which an employee is absent from the usual workplace for longer than 8 hours, taxation allowances for food are specified which can be reimbursed tax-free to the employee.

Business-trip-related absences shall be entered in MobileXpense by the employee under "Daily Allowances".

- For per diems, the travel agency's travel plans must be uploaded as a PDF for flight bookings. Per diems for other trips may not be documented, their authorization is either legitimized by other receipts from the period or by the approval of the cost center manager.

Further information on handling is available in the Toolbox/Finance/Business trips.

Flat rates are calculated for each country, according to the length and location of the international assignment. The per diems for meals are currently stored in the travel expense reporting tool MobileXpense.

These guidelines do not provide a list of the various national flat rates since they can change repeatedly in the course of legislative proceedings.
In addition, it would make the guidelines less clear and comprehensible because of the large number of different tax circumstances in each country.

The current tax-related meal allowances are saved in the MobileXpense travel-expense calculation tool.

3.4.1. Reduction of meal allowance for meals provided by company

If the employer or a third party requested by the employer provides an employee with a meal during an external professional assignment lasting longer than 8 hours, the meal allowance for that day will be reduced by
20% of the maximum daily allowance for breakfast
40% of the maximum daily allowance for lunch
40% of the maximum daily allowance for dinner.

- The reductions shall also be made for business-related hospitality if the employer bears the expenses of the business hospitality, as well as for meals provided at workshops or other business events.
- The reductions also apply for meals provided during transport by plane or train (1st class) if the meal is included in the transport fee and paid for by the employer.
- No reduction is made if the employee's meal is provided by a customer or business partner of the employer.

When meal allowances are granted and/or reduced due to meals provided by the employer, the employee will see a capital letter M on the electronic payroll tax certificate.

3.4.2. Three-month rule

The tax-free status of additional food expenditure is limited to the first three months of professional activities at the same workplace (§ 9 Para. 4a Sentence 6 EStG). Only an interruption of at least 4 weeks will cause the three-month period to start over. Payments of additional food expenditure beyond this three-month-period are subject to income tax, as salary.

Long-term professional activities at the same workplace are assumed if the employee works at this location for at least three days in one week. The 3-month period begins after this week; after this period, the meal allowance becomes taxable (as long as the 3-month period is not interrupted – see above).

3.5. Accommodation expenses

Accommodation expenses can be claimed either through itemized statements or based on the flat tax rates. Accommodations provided free of charge by business partners cannot be claimed as accommodation costs.

Private accommodation (e.g. with friends, relatives, etc.) is permitted. However, only the flat tax rates will be reimbursed in this case (provided in MobileXpense under new expenses in the categories "overnight allowance Germany"/"overnight allowance abroad").

In MobileXpense, you can choose the type of accommodation under "Expenses," using the corresponding category "Accommodation without breakfast" in Germany or "Accommodation incl. breakfast" abroad.
More information is available in our Toolbox under "Business trips/Travel expenses"

3.5.1. Accommodation including breakfast in Germany:

In Germany accommodation and breakfast services were taxed until 31.12.2019 at two different rates, therefore accommodation and breakfast were recorded in MobileXpense in two separate categories:

- the pure overnight accommodation in the category „accommodation **without** breakfast",
- breakfast extra in category „breakfast/business package.

A reduced tax rate of 7% has also come into force from 01.01.2020 to 31.12.2023 for meals at breakfast. There is still 19% VAT on beverages.

To make it easier: The two categories are maintained in MXP allowing the recording of overnight stay and breakfast in Germany.
Additionally, drinks are recorded with 19%.

Do not forget:
If the employee receives breakfast at his/her request and breakfast is included in the accommodation expenses booked and paid for by the employer, the meal allowance must be reduced by 20% of the maximum daily allowance according to the current Travel Expenses Law.

If hotels invoice additional services such as breakfast, internet access, etc., as part of a flat service fee or business package, the flat fee of currently 20% of the maximum daily allowance must also be deducted from the meal allowance. If breakfast is shown on the invoice, but was not used, regardless of the reason, the amount is still deducted.

3.5.2. Accommodation including breakfast abroad

Here, too, a flat rate amounting to 20% of the maximum meal allowance in the respective country is deducted if breakfast is provided by the employer as part of the booked accommodation.

Deductions are to be considered when recording entries for meal allowance in MobileXpense, by ticking the respective meal provided/paid for by the employer.
The reduction applies to breakfast even if the amount is not shown separately on the hotel invoice.

3.6. Hospitality expenses

On principle, hospitality expenses can only be reimbursed if they are incurred for business purposes.

Hospitality expenses arise on occasion of the hospitality of external business partners or within a business meeting in the PAYBACK GROUP and include all expenditure for persons involved in the hospitality event.

A reciprocal invitation exclusively among employees (=internal hospitality expenses) as part of a business trip or a business meal without a business purpose will not be reimbursed by the PAYBACK GROUP as a matter of principle.

Hospitality provided as part of an internal business meeting that is not a team-event, is restricted to the level of Department Management and Division Management and must be approved by the respective Managing Director in advance. It is considered a voluntary social benefit and hence subject to wage taxation.

Department and company parties are not affected by this exception since special rules apply here (please consult Tax Department for more information).

3.6.1. Form of Hospitality Invoices

The hospitality invoice must be machine-generated and must include the following information for being fully reimbursed and tax-free:

- Name and address of the restaurant
- Hospitality date
- List of all food and beverages
- Tip *) see commentary below
- Names of hospitality participants (or a list provided in a separate document/recorded in MobileXpense)
- Specific business reason for the hospitality
- Tax number
- Tips

For amounts equal to/greater than EUR 250.00, the restaurant's bill must be issued to the respective company in the PAYBACK GROUP.

*) Commentary: Expenditures for appropriate tips for hospitality will be reimbursed by the employer. Tips must be shown separately on the mechanically generated hospitality bill in order to be deducted as a professional expense. Alternatively, the tip must generally be noted/initialed on the bill by the server. If it is not shown separately on the bill, the tip will not be recognized as a professional expense.

Formal requirements for hospitality expenses can also be found in the Toolbox under "Finance/Business Trips/Travel Expense Guidelines/Forms".
The same provisions also apply to international trips.

4. Reimbursement of material and entertainment expenses

4.1. Definition of material and entertainment expenses

The material expense guidelines for Loyalty Partner GmbH include all expenses incurred in the course of business activities, in addition to the normally incurred costs, and that are in the interest of the PAYBACK GROUP.

Material expenses include expenditures for the PAYBACK GROUP that were made by the employee. That includes expenditures for literature, phone costs, postage and courier costs, etc.

4.2. Telephone expenses

Phone charges for mobile phones used for business-related calls will be settled monthly. The following rules apply here:

- Phone charges for business calls, along with basic fees, are covered for company mobile phones. Personal use of the company mobile phone is permitted within Germany. Calls to premium numbers are prohibited.
- Before setting out on a business trip to a non EU country, Central Purchasing or the assistant shall be informed in time (at least 5 working days in advance), that the company mobile phone (blackberry) is going to be used on location for calls/internet access, in order to book an additional international package.
- In order to use the company mobile phone (blackberry) during a holiday trip (e.g. to check business emails) to a non EU country, Central Purchasing or the assistant shall be informed in time (at least 5 working days in advance), in order to book an update to the current tariff.
- Personal phone calls to, within and from other countries as well as personal internet usage while abroad are permitted only in urgent exceptional cases.
- Phone costs for business calls on personal mobile phones will be reimbursed. Only the business-related portion will be reimbursed. When calculating material costs, the business portion must be indicated on the itemized call record. Basic fees will not be reimbursed.

4.3. Entertainment expenses

Entertainment expenses are expenditures for housing or entertaining business partners, as well as expenditures for guest gifts.
Business partners are people who have a business relationship with the PAYBACK GROUP or with whom a business relationship is intended.
Entertainment costs can only be reimbursed if they were incurred as a result of an invitation from a Managing Director, Division Head, Department Head or Project Manager.

4.4. Gifts for business partners

For tax reasons, gifts for business partners are divided into two categories:

- Gifts under EUR 35.00 (net)
- Gifts over EUR 35.00 (net)

In both cases, the name and company of the recipient and the occasion must be documented.

Both Entertainment expenses and gifts for business partners must comply with the AMEX Anti-Corruption Guidelines. These are to be found in our Toolbox in “Amex & Compliance/Compliance/Anti-Corruption Policies & Guidelines.

4.5. Self-prepared receipts

Self prepared receipts are accepted only in exceptional cases.

In exceptional cases which are well-founded (theft, loss of documents, receipts not issued from automatic machines), internal receipts will be accepted if they are submitted via a separate form, to be found in the Toolbox under Finance/Business Trips/Travel Expense Guidelines/Forms/Self prepared receipts.

These will be subject to approval by the Cost Centre Manager and the Management of the Purchasing Office (4-eyes principle).

Where internal receipts are submitted, the Company is unable to claim for deduction of advance tax, due to the absence of VAT details.

5. Travel and material expense accounting for transfers to an employee account

Expenditures made by the employee must be calculated in MobileXpense.

From 01.03.2021 onwards, travel expense accounting will be purely electronic. Receipt entry, storage and destruction are documented and to be taken into account under points 2.1.4. - 2.1.6.

By confirming the completed expense report, employees send the expense report into the approval workflow. The first check as well as approval is carried out electronically by the cost-centre manager (see point 2.5.2.). A second check of the electronic receipts and electronic approval takes place in Finance/Accounting, where the booking and payment is also carried out. (Further information on handling is available in the toolbox on the Finance page "Travel expense report").

Original electronic receipts or electronical recorded receipts of originals must be provided for all expenses listed in the travel and material expense report.
Exceptions to this rule are per diems for meals and mileage for trips by private car.

- For meal per diems, the travel agency's travel plans must be uploaded as a PDF for flight bookings. Meal per diems for other trips may not be documented; their entitlement is either legitimized by other receipts from the period or by the approval of the person responsible for the cost-centre.
- For the settlement of kilometres by private car (not for company cars!), the approval of the cost-centre manager must be obtained in advance for insurance reasons and added to the settlement via drag & drop.

As a rule, if invoices are missing, expenditures will not be reimbursed by the PAYBACK GROUP.
The reimbursement will be transferred to the employee's salary account

6. Implementation and compliance

These Guidelines shall apply to booking, implementation and accounting for all business trips and material and representation expenses.

It replaces Travel Costs Guideline A20 of 10-02-2023, and becomes effective on 01-01-2024.

In case of any violation of the Travel and Material Expense Guidelines, Finance/Accounting shall notify Human Resources or Central Purchasing. The cost center managers shall arrange for assistants to conduct a review of approvals. In the absence of approval, the cost center manager shall be informed.