Article published on January 7th 2012 | Business

Some of you would be going on official tours for attending important meetings or finalizing the deal on behalf of the company. On such occasion, you will be allotted some basic amount for traveling and spending for hotel and dinner. Federal government per Diem is the amount sanctioned by your company for spending for one full day to cover major expenses like food and travel apart from shelter. In short it is the allowance given to the employee by the organization as per the norms of the regulations of your pay scale and designation. The person who is sanctioned with per diem (which is the Latin word meaning per day) is not entitled to claim further allowance for reimbursement when he returns to his office.

For each country and sometimes for even state the rate of per diem fixed by the organization will be different. In the United States, the per diem guide is usually printed by the General Services Administration which gives you detail descriptions of the rates fixed for particular cities and states. Each year when the employee files his return he should indicate the values of per diem separately on the W2 form for assessing it under non- taxable income. The payment given to the employees on tour for covering the major expenses are not accountable and hence they are not taxable under the head â€˜Salariesâ€™. Any change in the Federal tax brackets will be directly reflected on the employeeâ€
tax return which he files before the stipulated time of the year.

As a common man, you have no chance to know exactly about the rate of taxes enhanced last year or decreased for next year. It is very much necessary for all the employees to keep the tax related matters updated using the accounting software available in the websites. Many website provide detailed information about the tax slab and also reflect the expected changes in the Federal tax brackets for the succeeding year. You should be aware of the tax rates so that you can plan ahead and not miss out any of the deductions.

For claiming the amount given by the organization in the form of per diem, you should be out of town and staying minimum one night outside your home. Only then you are entitled to receive the reimbursement of allowance towards the actual expenses you have incurred when you are on tour. Each year, the Federal government per diem value given to the employee, will be increased certainly due to the economic inflation.

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Article Keywords:
free erisa,federal government per diem,financial reporting manual,payroll accounting software,highway use tax,federal tax brackets

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