

## 2810.35.05.05 PER DIEM/STIPEND

Income received in the form of per diems, housing and meal stipends and/or travel incentives are often non-taxable. Income must meet specific IRS guidelines to be considered non-taxable.<sup>8</sup> For IRS current description of taxable and nontaxable income types refer to IRS Publication 525 *"Taxable and Nontaxable Income"* ( [www.irs.gov/publications](http://www.irs.gov/publications)). Non-taxable stipends and per diems are typically considered employee reimbursements for expenses incurred while on an assignment. Non-taxable reimbursements are exempt from MAGI (refer to 2855.00.00).

### Example 1:

Per diems/Stipends paid to traveling nurses who maintain a tax home, which is usually their permanent residence, and prove that they are incurring duplicate living expenses at both their tax home and their temporary assignment location are non-taxable and excluded from MAGI. This income should be entered into the eligibility system as reimbursement.

### Example 2:

Per diems/Stipends paid to traveling nurses who operate as an independent contractor are typically taxable and considered self-employment income. These per diems/stipends may be tax free and excluded from MAGI if they meet IRS eligibility requirements.

### Example 3:

Per diems paid to flight attendants for day trips, or other trips that do not require sleep or rest and/or the amount is above the federal per diem rate are taxed income and included for MAGI.

### Example 4:

Non-taxable per diems that meet IRS requirements and compensation is under the federal per diem rate, are excluded from MAGI and considered reimbursements.

Note: LO should confirm, document, and update case notes specifying the type and reason for reimbursement. For the current list of IRS requirements refer to IRS Publication 463, *"Travel, Gift, and Car Expenses"* ( [www.irs.gov/publications](http://www.irs.gov/publications)).

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<sup>8</sup> IRS.gov