

Date: March 20, 2003

In reply refer to: Ethics

Subject: Using Frequent Traveler Benefits

To: OCFO Employees

On December 28, 2001, President Bush signed into law Senate Resolution 1438, National Defense Authorization Act for Fiscal Year 2002. Section 1116 of this legislation repeals Section 6008 of the Federal Acquisition Act of 1994 and allows Federal employees to accept promotional items such as frequent flyer miles earned when traveling in an official capacity. The legislation applies to frequent flyer miles received before and after the date of enactment. The following is additional information regarding this new authority:

Application to 31 United States Code (U.S.C.) 1353

The frequent flyer promotional materials must be obtained under the same terms as those offered to the general public at no additional cost to the Government. Gifts of travel from a non-Federal source continue to be treated under 31 U.S.C. 1353.

Taxability of the Benefit

It is possible that such benefits may be considered additional compensation and could be taxed accordingly. Until a ruling is received, it is recommended that Federal employees who redeem frequent flyer miles or other promotional benefits keep a record of such redemptions.

Upgrade to First Class

It is the policy of the Government that employees generally must travel by coach class accommodations. However, employees may now upgrade their transportation class of service at their own expense.

General Guidance

Federal travelers are permitted to voluntarily give up their seats at no additional cost to the Government. All per diem charges and additional travel expenses incurred as a result of voluntarily giving up a seat are the traveler's financial responsibility. For travelers involuntarily denied a seat, the traveler is entitled to per diem and miscellaneous expense reimbursement. Monetary compensation, including meal and/or lodging vouchers for the denied seat, is the responsibility of the Government.

Inquiries regarding this memorandum should be referred to your supervisor. For more information, supervisors should contact the National Finance Center's Ethics Office at Extension 5-5679 or 5-5580.

A handwritten signature in cursive script, appearing to read "O. Jan A. Weber for".

VIRGINIA G. COOK
Acting Personnel Officer