



Gift and Gift Card Policy Fin 7.0 Office of Business Affairs

Policy Type: Administrative
Applies to: Faculty, staff, student employees, students, and volunteers

POLICY DATES

Issued: February 2019
Revised:
Edited:
Reviewed:

[IRS Publication 17](#) provides very specific guidance regarding taxable income of gifts given to employees and nonemployees which are paid with institutional funds. Cash and cash equivalent fringe benefits such as gift cards/certificates have a readily determinable value and as such do not constitute de minimis fringe benefits regardless of the face amount of the gift card/certificate. Also, gifts purchased with university funds having a retail value of twenty dollars or more are also not considered de minimis for tax reporting purposes and are considered gifts under this policy. For employees, gifts under this policy are considered compensation and will be subject to federal, state and employment tax withholding and reporting on the form W-2. For non-employees, the value of all gifts and gift cards/certificates under this policy in aggregate amount of \$600 or more per calendar year will be reported on IRS form 1099-Misc as other compensation. Also, gifts and gift cards/certificates given to nonresident aliens are subject to federal tax withholding. This policy explains when gift cards/certificates can be purchased and the process to get them approved and purchased.

Definitions

Term	Definition
Award/gift	recognizes term of service, exceptional performance, special achievement, etc. Awards/gifts to students are taxable unless they qualify as scholarships and are directly applied toward tuition, required fees, books or required supplies
Cash equivalent award/cash gift card	any item which can be used to purchase merchandise or which can be easily converted to cash. Under IRS code, this includes gift cards and certificates
De minimis benefit	is any property or service provided to an employee that has so little value that accounting for it is unreasonable or impractical

PROCEDURE

Issued: 02/2019
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Gift, Gift card/certificate

Prior to purchasing any gift cards with a value of \$20 or more an [Authorization to Purchase Gift Cards/Certificates form](#) must be completed. **Check requests or reimbursements submitted without a properly completed authorization form will be rejected.** The signature of the appropriate Vice President is required for the purchase of any gift cards/certificates of \$20 or more. Gift cards/certificates with a value under \$20 do not need approval by the Vice President but the remainder of the policy applies. Gift cards/certificates should be purchased in modest amounts – not in excess of \$100 per gift card. The distribution of Purple Plus card dollars is subject to the same rules under this policy.

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An approved an [Authorization to Purchase Gift Cards/Certificates form](#) is required for each such transaction that must include the following:

- Purchaser's name
- Purchaser's department
- Purchaser's signature
- Vendor name from where gift cards will be purchased
- Date and aggregate amount of gift cards/certificates
- Description of what is to be purchased (number/amount of gift cards/certificates)
- Description of intended use of gift card (e.g. drawing, recognition)
- Method of purchase/acquisition (e.g, Pcard, check request, donation)
- Month/year cards to be distributed
- Account number to be charged
- Appropriate authorized signatures and date

For each gift card/certificate distributed, a [Gifts Prizes Awards Acceptance Agreement](#) must be completed. The acceptance agreement must contain the following information:

- Recipient's name, address and email address
- Recipient's ID number or social security number if not a student or employee
- Purpose of gift
- Issuing department

A [Gift Card/Certificate Disbursement Log](#) is required to record the dispensing of all gift cards/certificates purchased by the department. The original proof of purchase, Authorization form and Acceptance agreement must be kept on file by department, together with the log. The log should contain the following information:

- The individual disbursing the gift cards/certificates must update the log each time a gift card is disbursed. The following information must be entered for each gift card – date of distribution, recipient's name, recipient's status, University ID number if applicable, social security number if not a University employee or student and whether the recipient is a nonresident alien
- The vendor from whom the gift card was purchased as well as the gift card number must be identified and entered in the "Vendor Name and Gift card/certificate Number" column of the log. The face amount of the gift card must be entered in the "amount" column.
- Method of purchase

The department must submit a copy of the log, together with a copy of related authorization form and acceptance agreements to Accounts Payable within 30 days of the event. For the month ending December 31, the log should be submitted by December 15th. No gift cards/certificates should be given to employees after December 15th of each year.

Human Subject Payments Sponsored Research payments

To qualify for the special procedures defined by this section, payments to Human Subjects participating in research studies must be approved as such by the Institutional Review Board (IRB). An executed [Authorization to Purchase Gift Cards/Certificates form](#) is required for each gift card purchase.

Human subject confidential information is only collected when necessary and is generally not required when issuing payments of \$100 or less. Human Subject payments of \$100 and under per occurrence can be processed via gift cards/certificates. The [Human Subject Voucher form](#) must accompany any distribution to human subjects of \$100 and above. This form is to be retained by department.

If at any time during the course of the research study it is anticipated the participant will receive \$600 or over in a calendar year, the Principal Investigator is responsible for collected a completed W-9 form.

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Payments to human subjects having a value of \$100 or more per occurrence are not permitted in the form of gift cards. Payments in excess of \$100 for Human Subject payments must be made by check request and processed through Accounts Payable with the copy of the completed [Human Subject Voucher form](#) attached.

Responsibilities

Position or Office	Responsibilities
Controller	Monitor policy
Director of Payroll	Ensure taxable gifts to employees are input through payroll for proper taxation

Contacts

Subject	Office	Telephone	E-mail/URL
Gift and Gift Card Policy	Business Office	330-823-6572	Businessoffice@mountunion.edu

History

All changes must be listed sequentially, including edits and reviews. Note when the policy name or number changes.

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