

145. Gifts and Gift Cards

Gift cards, gift certificates, and stored value cards are considered cash equivalents by the Internal Revenue Service and are subject to tax reporting, regardless of the value. Departments purchasing and distributing gift cards are responsible for compliance with IRS regulations and university policies.

If one individual receives \$600 or more in non-payroll payments in a calendar year (ie. gift cards, honorarium, prizes, etc.), the University is required to report those payments to the federal government on either a Form 1099 or Form 1042s (non-resident alien).

When gifts cards may be purchased

Gift cards must have a value of \$250 or less. Gift cards may be purchased under the following circumstances:

- A gift card may be purchased if it is not for a specific person, but an event. For example, a department may purchase a gift card/certificate as a door prize. The receipt must specify the purpose of the expense.
- Gift cards may be purchased as a thank you for a volunteer as long as the volunteer is not a current employee, student, or a contractor currently under contract.
- Gift cards may be purchased for research study participants. Disbursements of gift cards must be recorded in a log and include the participant's name.
- Gift cards may be used as a prize, such as winning a competition as long as the recipient is not a current employee, student, researcher, or a contractor currently under contract

When gift cards may not be purchased

Gift cards may not be purchased for active employees, students (undergraduate and graduate students, and post doc research associates), or consultants currently under contract by the University. For example, a department may not purchase a gift card/certificate for an employee for achieving specific employment milestones. *(See 130.1 for additional details)*

- Prizes or awards paid to current employees must be routed to the Payroll Office
- Prizes or awards paid to current students must be routed to the Financial Aid Office
- Prizes or awards paid to current contractors must be routed to the Procurement Office

Gift cards may not be purchased as gifts for graduating students.

Gift cards may not be purchased as holiday or other gifts to employees or students.

Gift cards may not be purchased to pay suppliers and consultants for goods and/or services received.

Non-Cash Items

A non-cash gift, prize or award of de minimis value may be awarded to any individual. De minimis gifts, prizes or awards are so small in value that accounting for it would be unreasonable or administratively impractical and are only provided on an occasional basis. Only non-cash gifts of tangible items with a value of \$100 or less are considered de minimis. Cash awards, gift cards and gift certificates are never considered de minimis.

Except for qualifying length of service awards (see section 130.1), any non-cash gift, prize or award valued at more than \$100 must be reported.