

UNIVERSITY OF MARY GIFT CERTIFICATE AND GIFT CARD POLICY

-) Gift Certificates and Gift Cards with any specific dollar value purchased with University funds and disbursed to University employees are prohibited.

-) Gift Certificates and Gift Cards may be disbursed to non-university employees and students. However, this requires the same documentation as disbursement of cash. Disbursers need to obtain the recipient's name, social security number, dollar amount of certificate or card provided, and a REQUIRED signature on the form below.

-) Gift Certificates to non-U.S. citizens are prohibited.

-) See back of policy for FAQ

NAME _____

ADDRESS _____

SOCIAL SECURITY NUMBER _____

GIFT CARD VENDOR _____

AMOUNT _____

DEPARTMENT AND REQUESTOR _____

RECIPIENT SIGNATURE(**REQUIRED**) _____ DATE _____

FREQUENTLY ASKED QUESTIONS

Is this policy really necessary?

Unfortunately, yes. The rules we've adopted comply with prevailing IRS tax code. They apply universally to all employers – not just University of Mary and not just colleges and universities. By providing faculty and staff with options for gifts and awards that avoid a taxable situation, we hope you won't be significantly inconvenienced by the change.

Can I use donated gift cards to recognize employees?

Yes! Only gift certificates/cards purchased with university funds are taxable to the recipient. "Purchased with university funds" means purchases processed through Accounts Payable/Purchasing, purchases reimbursed to a faculty or staff member, and purchases paid by petty cash or University credit card. If a vendor gives you a gift card free of charge, you may award it to an employee without worrying about taxation.

What if I purchase gift cards personally?

Gift cards you purchase using personal funds are not taxable to the recipient because you are not the employer. However, you may not request reimbursement for the purchase. If the University reimburse you, the University has then purchased the gift cards and they become taxable income to the employee recipients.

What if I give my student worker a gift card the day after graduation?

Please don't do this! The IRS considers the gift card taxable. You will need to complete and submit a Taxable Prize or Award/Gift Form and its value will be reflected in the individual's taxable income on his/her W-2 at year end.

What if my student worked the first semester and I gave her/him a gift card at the end of the academic year?

Please don't do this! The IRS considers the gift card taxable. You will need to complete and submit a Taxable Prize or Award/Gift Form and its value will be reflected in the individual's taxable income on his/her W-2 at year end.

Does this policy apply to non-employees?

Prizes are always taxable, regardless of amount and regardless of whether the recipient is an employee. Prizes with an accumulated value in excess of \$600 in a given calendar year, will be reported to the IRS at year-end via Form 1099-MISC.

Awards/Gifts to students in excess of tuition, fees, books, and equipment are taxable, regardless of whether the recipient is an employee.

Are the flowers I sent to celebrate an employee's new baby taxable to the recipient?

Technically yes, but if the flowers (or other gift) are valued at less than \$100, they are considered *de minimis* and will be neither taxable nor required to be reported to the IRS.