



Policy Name:	Gift Card Policy		
Associated Form(s):	1. Gift Card/Certificate Purchase Authorization Form 2. Gift Card/Certificate Disbursement Log	Policy Number:	2022-10
Approval Authority:	President <i>Timothy L. Hall</i>	Adopted:	March 16, 2022
Reviewed:	Non-Academic Policy Committee	Approved:	March 14, 2022
Responsible Executive:	Vice President for Finance	Revised:	N/A
Responsible Office:	Finance	Contact:	Controller

I. Purpose

The purpose of this Policy is to set forth the guidelines and procedures for the purchase and distribution of gifts and gift cards/certificates purchased with University funds to ensure compliance with the University's tax withholding and reporting obligations. **Gift cards may not be purchased via University credit cards**; rather, all gift card requests must be made through the University Purchasing Department in order to ensure compliance with this policy.

According to the rules of the Internal Revenue Service (the "IRS"), because cash and cash equivalents, such as gift cards/certificates, have a readily ascertainable value, they are considered taxable income regardless of the face amount of the gift card/certificates. For employees, the value of gift cards/certificates is considered compensation subject to federal, state and employment tax withholding, and reporting on Form W-2. There is no *de minimis* fringe benefit amount relating to gift cards/certificates. For non-employees, the value of all gifts and gift cards/certificates in an aggregate amount of \$600.00 or more per calendar year must be reported to the IRS on Form 1099-MISC as other compensation. Finally, gift cards/certificates given to nonresident aliens are subject to federal tax withholding, for which the department will be responsible unless an exception applies.

II. Gift Card Recipients

A. Gifts Cards or Certificates to Employees

Any gift card/certificate purchased with University funds and given to an employee will be considered taxable income to the employee (including student workers) and added to their Form W-2 during the calendar year the gift card was received. There is no minimum dollar amount for this rule. As such, gift cards to employees are discouraged.

B. Gift Cards or Certificates to Non-Employees

Gift cards presented to non-employees may be taxable and reportable income on form 1099-MISC to the recipient if they are over \$600.00. Gift cards should not be given in exchange for services. The University will track all compensation received by such individuals, if the individual receives other awards or payments during the calendar year in excess of \$600, the entire amount will be reported on Form 1099-MISC. A gift card log must be kept for such individuals and a form W-9 requested at the time of gift card distribution if there is any indication that an individual might receive \$600 during the year.

C. Gift Cards or Certificates to Research or Survey Participants

Payment to participants of research or survey projects may be compensated with a gift card; however, such compensation may be taxable income to the recipient. The University will track all compensation received by such individuals, if the individual receives other awards or payments during the calendar year in excess of \$600, the entire amount will be reported on Form 1099-MISC. A gift card log must be kept for such individuals and a W-9 Form requested at the time of gift card distribution if there is any indication that an individual might receive \$600 during the year.

III. Procedures

A. Gift Card/Certificate Purchase Authorization Form

In order to purchase a gift card please complete the appropriate Purchase Requisition and include a completed Gift Card/Certificate Purchase Authorization Form. Send the completed document to the University Purchasing Department.

A separate authorization form must be completed for each program or activity - i.e. a specific study, a specific event, etc. and must be specified in the "Description of Intended Use of Gift Cards" section on the form. It is recommended to limit the number of gift cards purchased at one time so that the disbursement and reconciliation of those cards is more manageable.

B. Gift Card/Certificate Disbursement Log

Once Purchasing approves the request and the gift cards/certificates are issued, the department will be responsible for filling out a Gift Card/Certificate Disbursement Log. The log is required to record the disbursement of all gift cards purchased - even if only one card is purchased for one individual.

The Gift Card/Certificate Disbursement Log will require the department to collect the following information from the gift card recipients:

1. Name/Study Subject Number
2. Recipient Status (Employee, Student, Other)
3. Employee or Student Only – CWID
4. Amount of Gift Card Awarded
5. Recipient Signature/Initials

As previously stated, if there is any indication that an individual might receive \$600 during the calendar year whether it is the form of gift cards or other payments from the University, a Form W-9 should be requested at the time of gift card distribution.

The Department will need to be able to reconcile all gift cards purchased on a Purchase Order. For example, if a department purchases 5 Gift Cards for \$50 but only disburses 2 gift cards, their disbursement log should reflect that 3 gift cards still remain open. When the department disburses the remaining gift cards, an additional log should be filled out.

Filling out the Log

- Enter the Department Name that purchased the Gift Cards
- Enter the Name of the Employee/Contact Person who can be contacted if further information is needed
- Enter the name of the Event or Program
- Enter the Purchase Order Number on which the gift cards were purchased. If several gift cards are being disbursed purchased on separate purchase orders, every effort should be made to keep each purchase order separately.
- Enter the Fund/Org/Acct where the gift cards were charged
- Enter the Amount of the Purchase Order
- If any previous gift cards have been disbursed, enter that amount
- Enter the name of the person receiving the card under Recipient Name
- Enter the date of distribution
- Indicate whether the individual is an employee, student, or no affiliation (Other)
- If the recipient is an employee or student, provide the CWID
- Enter the gift card amount. Once the amounts are entered, the “Amount of Gift Cards Distributed” box will populate itself with the total distributed
- Ask the person receiving the gift card to sign their name in the signature field.
- Once the log is complete, the individual filling out the log should sign at the bottom
- The log should be completed during distribution and should be sent to the Finance Department to complete the reconciliation of the disbursement. The log should be sent by no later than the end of the month during which the disbursement occurred. A copy should be kept for departmental files.

IV. Control of Gift Cards

Gift Cards should be kept under lock and key at all times to ensure proper physical security and to protect from theft and loss. Access to the gift cards and keys to the lock areas should be limited to the individual(s) responsible for safekeeping of the gift cards.