

# Policies and Procedures

**Policy Title:** 

Gifts, Gift Cards, and Gift Certificates

Policy No.: N/A

Effective Date: March, 2015

Responsible Office:

**Business Office** 

Responsible Official:

Associate Vice President for Finance

<b>Policy Sections</b>		
Policy St	tatement	
Gift Card	d Procedures	
Gift Card	ds to Employees	
Gift Card	ds to Non-Employees	
Gift Card	ds to Nonresident Aliens	

#### Scope

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. Distribution of gifts, gift cards and gift certificates must comply with the University's tax withholding and reporting obligations. Failure to comply with this University Policy may result in appropriate disciplinary action up to and including termination of employment consistent with the University's applicable policies and procedures.

#### **Policy Statement**

Awards, gifts, and prizes are allowed to the extent the expense is reasonable and necessary to carry out the mission of the University. They may not be lavish or extravagant, and must comply with any funding source restrictions. Gifts, including those for birthdays, weddings, showers, and other personal events, are not allowable expenditures of University funds. (At their discretion, co-workers may contribute personal funds for this purpose). According to the rules of the Internal Revenue Service (the "IRS"), because cash and cash equivalent fringe benefits, such as gift cards/certificates, have a readily

ascertainable value, they do not constitute de minimis fringe benefits, regardless of the face amount of the gift card/certificates. Likewise, gifts (other than gift cards or gift certificates) purchased with

University funds having a retail value in excess of Fifty Dollars (\$50.00) ("Gifts") are also not considered de minimis for tax reporting purposes and are, therefore, subject to this Policy. For employees, the value of gifts and gift cards/certificates is considered compensation subject to federal, state and employment tax withholding, and reporting on Form W-2. 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, gifts and gift cards/certificates given to nonresident aliens are subject to federal tax withholding generally in the amount of 30% and reported on IRS Form 1042-S.

A Purchase Requisition created and approved in Banner is the method to be used to acquire gift card purchases. Gift cards are not to be acquired using University issued Purchasing Cards (PCards) or Check Requests. Gift card purchases that are not purchased using a Purchase Requisition will not be reimbursed. If multiple gift cards/certificates are purchased, appropriate measures must be taken to safeguard any gift cards/certificates that are not distributed immediately. It is strongly recommended that gift cards/certificates be purchased in modest denominations, i.e., not in excess of \$100.00 per gift card/certificate. Gifts and gift cards/certificates may NOT be distributed in lieu of cash compensation. For example, gifts and gift cards/certificates may NOT be used in any of the following situations:

- to compensate speakers;
- to express appreciation to volunteers;
- to compensate tutors assisting other students.

The procedure to compensate for these situations is provided herein.

## Gifts Cards to Employees

Any gift card/certificate purchased with University funds and given to an employee will be considered taxable income to the employee 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 and requests for any special type of employee recognition should be paid via University payroll.

## Gift Cards 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 Reporting Form must be kept for such individuals and if it is determined that in any calendar year a non-employee has received an amount of \$600.00 or more, the Purchasing

department will notify the issuing department which will be responsible for obtaining an IRS Form W-9, Request for Taxpayer Identification Number and Certification, from the non-employee recipient.

## Gift Cards to Nonresident Aliens

All awards to nonresident aliens are subject to federal tax withholding unless an income tax treaty exception applies. If a treaty exception does not apply, 30% federal tax withholding will apply and the department will be responsible for the tax and tax gross up since tax cannot be withheld from the gift card/certificate. For example, a nonresident alien student wins a \$100 gift card. The gift card amount would be grossed up to \$142.86; the department would be charged the additional \$42.86 of tax so that after the 30% tax remittance, the student nets the \$100 gift card amount.

#### Gift Card Acquisition Procedure

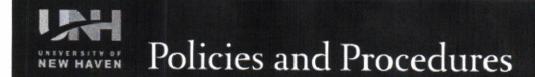
A Banner Purchase Requisition is required to purchase gift cards. The Banner Purchase Requisition must include the following information in the notes of the requisition.

- 1) Type of gift card to be purchased (Vendor)
- 2) Reason for the gift card
- 3) Method of gift card transmittal
  - a. eCard (requires the requestor to provide the email address(es) for the recipient(s))
  - b. Retail Gift Card
  - c. Incentive Card (Activation fee of \$4.95 applies)
- 4) Number of gift cards to be purchased
- 5) Value or face amount of the gift card (multiple purchases should have identical values)
- 6) Description of the intended use of the gift cards (i.e. drawing, student recognition)
- 7) Time frame when the gift cards are to be distributed
- 8) Name of the gift card recipients if they are known in advance

## Gift Card Reporting Procedure

A Gift Reporting Form (attached as Exhibit A) must be provided to the Purchasing Department in the event the recipient of the gift card(s) is not known at the time of initial purchase. The Gift Reporting Form is required to record the dispensing of all gift cards/certificates. The Gift Reporting Form must be submitted to the Purchasing department within 10 days of distribution of the gift. The Gift Reporting Form must include the following information.

- 1) Recipients name
- 2) Recipient's student ID number or employee ID number. If the recipient is not a student or employee, the last four digits of the recipient's social security number
- 3) Recipients status as either a citizen/resident alien or nonresident alien



- 4) Amount of the gift, gift card/certificate
- 5) Type or description of the gift, gift card/certificate
- 6) Recipient's signature and date (verifying the recipients receipt of the gift or gift card)

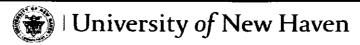
## **Procedure for Payments to Students**

Complete a Bursary Request Form and indicate the payment is a lump sum stipend in lieu of an hourly rate or in lieu of a gift card. The student will then receive a check through payroll and taxable income will be reported on a W2 based on payroll records. Note that total income under \$600 is not taxable.

# Procedure for Payments to Entertainers and Public Speakers

The speaker should sign the "Entertainer and Public Speaker Agreement" and submit it to UNH for countersignature by Purchasing. The speaker must submit an invoice to Accounts Payable for the speaking fee. Accounts Payable will requested approval of the invoice by the appropriate budget manager.

# Policies and Procedures



#### Gift Card Tracking Database

Recipient's First Name	Recipient's Last Name	·	Student ID# or Employee ID#	Citizenship Status (Citizen/resident alien or Nonresident alien)	Amount of Gift Card or Certificate	Type of Gift Card or Certi