

Applies to: (examples; Faculty, Staff, Students, etc)

Faculty , Staff , Students , Contractors_Vendors

Policy Overview:

Issued: 02-01-2016

Next Review Date: 12-13-2023

Frequency of Review: Annually

The purpose of this policy is to set forth the guidelines and procedures for the purchase and distribution of gift cards/certificates purchased with College funds to ensure compliance with tax withholding and reporting obligations.

Applies to all members of the College community.

Definitions:

Term	Definition
Gift Card	Any card or certificate that carries value and can be utilized as a cash equivalent.

Details:

According to the IRS, gifts of cash and cash equivalents (i.e., gift cards and gift certificates) have a readily ascertainable value. Therefore, these items cannot constitute a de minimis fringe benefit, regardless of amount.

For employees, the value of any gift card received is considered compensation and is subject to tax withholding and reportable on Form W-2. For non-employees, the value of gift cards is an aggregate amount of \$600.00 or more per calendar year must be reported to the IRS on Form 1099-MISC as other compensation.

Procedures:

In order to be reimbursed for the purchase of a gift card or gift certificate, a Gift Card Purchase Authorization Form (Authorization Form) must be completed prior to purchasing. This form requires the approval of the supervisor, Dean/Vice President, as well as a Business Office representative.

When requesting reimbursement for a gift card purchase, the Authorization Form must be submitted as documentation. In addition, a completed Gift Card Acceptance Agreement (Acceptance Agreement) should accompany the reimbursement request. The Acceptance Agreement outlines the information necessary for the College to maintain appropriate records for tracking purposes and provides proof that the gift card recipient understands the taxable implications of accepting the gift card.

Because both the Authorization Form and Acceptance Agreement are required for reimbursement, it is advised that the purchase of gift cards take place no earlier than 30 days prior to the date that the recipient will receive the gift card.

Any gift card that is given to a non-employee that equals or exceeds \$600 in value will require the recipient to complete a Form W-9 as well as a Gift Card Acceptance Agreement at the time of receipt. IRS W-9 forms may contain sensitive information, such as social security numbers. As such, precautions should be taken by departments when collecting these forms to protect such data. Any W-9 forms collected by departments should be retained by the Business Office.

Responsibilities:

Position/Office/Department	Responsibility
Purchaser of Gift Card	Complete Authorization Form prior to purchase of gift card. Complete Gift Card Acceptance Agreement

	Form when giving the gift card to recipient. Submit both forms upon request for reimbursement.
Business Office	Process reimbursements and track the authorization forms and the acceptance agreements to utilize for tax reporting purposes.

Resources:

See IRS Publication 15B for additional details.

Policy Contacts:

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