



## POLICY MANUAL

### OPERATING POLICIES AND PROCEDURES

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**Number 505**

**Subject: Employee Gifts and Awards**

**Effective Date: August 15, 2006**

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#### OVERVIEW

The University understands the importance of maintaining morale by recognizing employee length of service, retirement, or other special occasions. This policy provides specific guidelines regarding the value and type of gifts or awards that may be given to employees and the characteristics that make them taxable or non-taxable.

#### 505.1 NOMINAL GIFTS

**1.1 Non-Taxable** - To ensure that these gifts are non-taxable to the employee, departments must follow the IRS criteria outlined below:

- (a) Dollar Limit – The gift value cannot exceed \$100 per individual.
- (b) Frequency – The gift should only be given on an occasional basis.
- (c) Form of Gift – The gift must be tangible personal property. (i.e. The gift may not be in the form of cash, check, or gift certificate.)

**1.2 Taxable** – If any of the following criteria are met, the value of the gift will become taxable and must be reported to the Controller’s Office by submitting a completed [“Taxable Gifts and Awards Form”](#).

- (a) Dollar Limit – If the gift value exceeds \$100, the entire value of the gift is taxable.
- (b) Frequency – Gifts given to an employee on a regular or routine basis are considered compensation and are taxable.

(c) Form of Gift – Gifts given in the form of cash, check, or gift certificate are considered cash equivalents and are taxable.

## **505.2 LENGTH-OF-SERVICE / RETIREMENT AWARDS**

**2.1 Non-Taxable** - To ensure that these awards are non-taxable to the employee, departments must follow the IRS criteria outlined below:

(a) Timing – The service or retirement award may not be made within the employee’s first five years of service or more frequently than every five years.

(b) Dollar Limit – The cost or value of the award cannot exceed \$400 and should be commensurate with the number of years of service being recognized. If a service award is given in the same calendar year as a retirement award, the combined value cannot exceed \$400.

(c) Form of Award – The award must be in the form of tangible personal property. (i.e. The gift may not be in the form of cash, check, or gift certificate.)

(d) Meaningful Presentation – The award must be presented as part of a special event or celebration that marks the occasion.

**2.2 Taxable** – If any of the following criteria are met, all or part of the award may become taxable and must be reported to the Controller’s Office by submitting a completed “[Taxable Gifts and Awards Form](#)”.

(a) Timing – If an award is made within the employee’s first five years of service or more frequently than every five years, it will be considered an ordinary gift and will become taxable if the value exceeds \$100.

(b) Dollar Limit – If the award value exceeds \$400, any amount over \$400 is taxable.

(c) Form of Award – Awards given in the form of cash, check, or gift certificate are considered cash equivalents and are taxable.

(d) Meaningful Presentation – If an award is not presented as part of a special event or celebration that marks the occasion, it will be considered an ordinary gift and will become taxable if the value exceeds \$100.

## **505.3 GIFTS PURCHASED WITH A UNIVERSITY P-CARD**

**3.1** Gifts and awards may be purchased with a University P-Card provided that P-Card policy is followed which states that, ”P-Card statements must be reconciled monthly and signed by the Cardholder and an Administrative Reviewer.”

## **505.4 RELATED ITEMS**

#### **4.1 Flowers/Plants**

(a) A Department Head/Director may authorize the purchase of flowers/plants using University funds for the funeral of a current employee or immediate family member.

(b) A Department Head/Director may authorize the purchase of flowers/plants using University funds for an employee that is hospitalized.

(c) There may be other occasions where it is in the best interest of the University to send flowers/plants to individuals (e.g. donors, governing board members, etc.). In such cases, the purchase of flowers/plants should be coordinated through the appropriate Dean or Vice President's office for review of the proposed purpose.