




SAN DIEGO STATE UNIVERSITY

Subject: Gift Cards and Awards Purchase and Reporting Policy

Department Name: All

Supersedes:	February 26, 2010
Effective Date:	January 1, 2010
Issue Date:	October 20, 2010
Revisions:	N/A
Approved by:	Scott Burns, AVP Business and Financial Affairs



This document describes departmental responsibilities as they relate to the purchase and distribution of awards or gift cards to SDSU employees or individuals outside the University as appropriately authorized based upon the SDSU Policy: [Use of Funds for University Benefit Including Hospitality and Public Relations](#) and in conjunction with the departmental mission and purpose. *(Employees as recipients of gift cards from third parties are reminded to review the [CSU Conflict of Interest Policy](#).)*

The giving of awards or gift cards creates a tax liability for the recipient. For the purposes of this policy the university considers awards and gift cards with a face value of \$50 or less to be de minimis and no tax reporting will be required on the issuance of a single award or gift card. This does not release the issuing department from tracking and maintaining reports on the recipients of such. For University employees, who receive gift cards over \$50, either on a single or cumulative basis during a single calendar year, the total value of the card(s) will be reported as income to the recipient. For students who receive awards or gift cards over \$600 on a single or cumulative basis during a single calendar year, the total of the awards/cards will be reported to the IRS via Form 1099. In any case, records of recipient information are necessary and required for expenditure justification.

Use of gift cards should only be considered when no other option is viable, should be infrequent and conservative in value.

Attached to this document is a matrix and analysis prepared by our Audit and Tax Department that describes the taxability and federal reporting requirements for gift cards.

Upon sufficient justification for the purchase and distribution of gift cards, including the denomination and supplier, Contract and Procurement Management will advise the department on the most appropriate means for procurement of the cards. At the point of distribution, the department is responsible for collecting information on the recipients.

If the award or gift card is below the University designated \$50 de minimis threshold then a list including the recipient's printed name and signature, SDSU Red ID, amount of gift or gift card, description of the gift/award including the departmental program, and relationship of the individual to the University, shall be completed and forwarded to Accounts Payable within 2 business days.

For any award or gift card more than \$50, either by itself or cumulative within a calendar year, in addition to the list of required information indicated above, the recipient shall also complete a [Supplier Payment Data Record \[Std. Form 204\]](#) to include their tax identification information and other pertinent information to allow the required federal reporting either via W-2 (University employees including student employees) or Form 1099 (non-employees). Accounts Payable will submit the employee recipient information monthly to the Payroll Department in the Center for Human Resources. Consequently, a subsequent paycheck will reflect appropriate adjustments for withholding of any federal and state taxes. Non-employee information will be input by Accounts Payable directly into Oracle for tracking and reporting.

February 12, 2010

GIFT CARDS

SCOPE OF ANALYSIS

Includes: Retail gift cards and gift cards for Aztec Shops purchases.

TAXABILITY/REPORTING

A gift card is considered a cash equivalent fringe benefit and is considered additional wages. Thus, it is taxable and reportable because the value of a gift card is easily determined and not unreasonable or administratively impracticable to account for it¹ (e.g. the value of a pot of coffee and a box of doughnuts provided by the employer.)

		TAXABLE?	REPORTABLE?
Given to a specific individual	To University employees	Taxable	W-2
	To students (non-employees)	Taxable	1099 – needs tracking
Raffled away	To University employees (e.g. Staff Awards)	Taxable	W-2
	To students (non-employees)	Taxable	1099 – needs tracking

SOURCE OF FUNDS

- University funds vs. Foundation funds
- Donated by third party to University/Foundation

If funds for awards are provided by an outside party, the award is taxable in the same way as if provided directly by the employer, and the employer is responsible for all applicable payroll taxes and withholding. See above section for taxability/reporting.

If the outside party selects and distributes the award directly to an agency employee without any direction or decision making from agency personnel, the award is still income to the recipient but will be reported by the outside party on 1099.²

¹ Reg. §1.132-6(c), TAM 200437030

² IRS Taxable Fringe Benefit Guide2010, page 72



SAN DIEGO STATE
UNIVERSITY

Financial Operations

Accounts Payable

Department Name: _____

Responsible State Employee (print): _____

Event Description: _____

Date of Event: _____

For cards greater than \$50 (either singly or cumulatively in a single calendar year), Payment Data Record is Required and shall be submitted to Accounts Payable within 2 days of award along with this report

Recipient's Name (Printed legibly)	SDSU RED ID (printed legibly)	Recipient's Signature	Amount of Card	Description of Gift (including Supplier and Departmental Program)	Relationship to University