

REPORTING OF GIFTS, AWARDS and PRIZES PROVIDED TO EMPLOYEES PROCEDURE

I. Purpose and Scope:

This procedure describes the process for reporting gifts, awards, and prizes, given to employees by the University of for taxation and reporting purposes. The terms gifts, awards, and prizes are interchangeable in this chapter.

II. Responsibility for implementing procedure:

University departmental administrators and Payment Processing are responsible for reporting to the Payroll Department all taxable gifts, awards, and prizes given to employees. Departments are also responsible to inform the employees receiving these gifts of the income tax consequences. Payroll staff will provide the instruction and support Department Payroll Administrators with this procedure.

III. Procedure:

A. Cash awards: Please contact [OHR Client Services](#) prior to provided awards.

B. Non-Cash awards: Submit information to [OHR Client Services](#) - Provide the employee name, employee ID number, and details of the gift, award, or prize.

The value of non-cash awards provided to employees may be included in an employee's compensation at the fair-market value subject to applicable taxes unless they can be excluded as a "de minimis" fringe benefit or other exception. The value of gift cards is always fully included in an employee's compensation, regardless of the dollar amount.

The most common allowable IRS exclusion is the "de minimis" fringe benefit exception. In general, the IRS will consider a gift, award or prize "de minimis" if it has a small dollar value, is non-recurring, and is not cash or a cash equivalent (e.g. gift cards).

*Special Consideration for Student Workers If a student receives an award in connection with services rendered to the University, the value of the award must be reported to Payroll. Awards given to students in connection with academic activities do not need to be reported to Payroll.