

Snow College

13.5.12 GIFTS AND AWARDS POLICY

13.5.12.1 PURPOSE

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

13.5.12.2 NOMINAL GIFTS

1. **Non-Taxable** – To ensure gifts are non-taxable to employees, departments must follow the IRS criteria outlined below:

- a. Dollar Limit – The gift value cannot exceed \$50 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 that could be transferred to another individual).

2. **Taxable** – If any of the following criteria are met, the value of the gift will become taxable to the employee and must be reported to the Human Resource Office by submitting a completed “Taxable Gifts and Awards Form”:

- a. Dollar Limit – If the gift exceeds \$50, 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 transferrable gift certificate are considered cash equivalents and are taxable.

13.5.12.3 LENGTH OF SERVICE / RETIREMENT AWARDS

1. **Non-Taxable** – To ensure 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 recipients 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 award may not be in the form of cash, check, or transferrable gift certificate – a gift certificate may be used provided it is non-negotiable and only confers the right to

receive tangible personal property).

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

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 Human Resource 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 \$50.
- 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 transferrable gift certificate (unless the gift certificate is non-negotiable and only confers the right to receive tangible personal property) 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 \$50.

13.5.12.4 RELATED ITEMS

- a. The purchase of business meals may be appropriate if the main focus of the activity is business and consumption of food is incidental to the purpose of the meeting.
- b. The use of College funds to purchase food or related items for birthdays, showers, weddings, etc. is *not* permitted.
- c. College funds may be used for the purchase of flowers or plants for the funeral of a current employee or immediate family member, or on other occasions where it is in the best interest of the College to send flowers or plants to individuals (e.g., donors, governing board members, etc.). All such recognitions will be coordinated and purchased through the President’s office.
- d. Gifts provided to students for special events or as awards or incentives, and gifts provided to potential students through recruiting activities or other special events, must be nominal and approved in advance through the Office of the President or appropriate Vice President.
- e. Gifts given to non-employees exceeding \$600 must be reported to the Internal Revenue Service through an IRS Form 1099. Appropriate documentation shall be collected from the recipient to allow the College Business Office to accurately report the value of the gift. All non-employee gifts must be approved in advance through the Office of the President or appropriate Vice President.

Adopted: 16 February 2011