

## Gift Certificates and Gift Cards

November 28, 2012

Jacksonville University Controller's Office

Subject: Gift Certificates and Gift Cards

The Internal Revenue Service (IRS) has recently clarified its position that any gift certificate or gift card provided by the employer is taxable income to the employee. If purchased with University funds, gift certificates and gift cards of any amount given to employees for holiday gifts, incentives or any other reason must be treated as taxable compensation to the employee whether or not the certificate can be converted to cash. Gift certificates and gift cards can no longer be excluded as a "de minimis fringe benefit". The IRS position is that the value of a gift certificate or gift card is readily apparent and therefore cannot be considered a de minimis fringe benefit.

Any gift card or gift certificate acquired with University funds and given to an employee is considered a taxable event and will be added to the employee's annual W-2. The reporting form should be completed for each employee receiving a certificate or card.

Gift cards or gift certificates given to Non-Employees are considered taxable income per the IRS. If the aggregate amounts are greater than \$600 during the calendar year, the amount will be reported to recipient and the IRS on form 1099.

For gift certificates, gift cards, and cash gifts to employees (including student employees) please use the **Gift to Employee Form**.

For gift certificates, gift cards, and cash gifts to non-employees, please use the **Gift to Non-Employee Form**.

## GIFT CARD & GIFT CERTIFICATE PROCEDURES

Employees can be reimbursed for the purchase of gift cards or certificates by submitting an Expense Report Form with the following documentation:

- Receipt for purchase of a gift card.
- A completed Gift To Employee or Gift to Non-Employee Form. **The form must be completed in**

*for and signed by the recipient of the gift card/certificate.*

~~Gift cards and certificates cannot be purchased with the U.D. Card~~