

Gift Card/Cash Equivalents Policy

1.0 Policy Purpose

This policy sets forth the guidelines and procedures under which cash equivalents may be purchased and distributed using St. John Fisher University (SJF) funds and to ensure compliance with the University's tax withholding and reporting obligations.

2.0 To Whom the Policy Applies

This policy applies to all SJF faculty, staff, affiliates, and students.

This policy does not apply to cash equivalents purchased using personal funds.

3.0 Policy Statement

Cash equivalents, regardless of value, are considered taxable by the Internal Revenue Service (IRS). According to the rules of the Internal Revenue Service (the "IRS"), because cash and cash equivalents, such as gift cards/certificates, have a readily ascertainable value, they are considered taxable income regardless of the face amount of the gift card/certificates. For employees, the value of gifts and gift cards/certificates is considered compensation subject to federal, state and employment tax withholding, and reporting on Form W-2. There is no de minimis fringe benefit amount relating to gift cards/certificates. For non-employees, the value of all gifts and gift cards/certificates in an aggregate amount of \$600.00 or more per calendar year must be reported to the IRS on Form 1099-MISC as other compensation.

Anyone purchasing cash equivalents for distribution using SJF funds is responsible for compliance with IRS regulations and University policies. Gift cards are discouraged and may not have a face value greater than \$50.

Tax Reporting for Employees:

For an individual who was an employee of SJF at any time during the calendar year in which one or more cash equivalents were received, the total amount of cash equivalents received will be included as reportable compensation on the individual's IRS Form W-2. There is no minimum dollar amount for this rule. As such, gift cards to employees are discouraged and requests for any special type of employee recognition should be paid via university payroll. The only IRS exception that applies to this guidance would be if meal money or transportation fare is occasionally provided to allow an employee to work beyond normal hours. This exception must first be documented and approved by a VP Finance and Administration.

Tax Reporting for Non-Employees:

The total amount of cash equivalents received in a calendar year will be aggregated with any other non-employee compensation received by the non-employee during the same calendar year to calculate total reportable non-employee compensation. Total

non-employee compensation will be reported on the individual's IRS Form 1099-MISC or Form 1042-S as applicable and is dependent on reporting thresholds.

Non-resident aliens who receive cash equivalents are subject to 30% federal tax withholding. Because the withholding cannot be withheld from cash equivalents, the withholding amounts may be recorded as additional expenditures to the SJF department that purchased and distributed the cash equivalents at the discretion of management. Prior approval must be obtained from the VP of Finance and Administration or the Controller.

3.1 Allowable Circumstances: Cash Equivalents

Cash equivalents may be purchased and distributed under certain circumstances including:

- For distribution at an event, (e.g., prize drawing or merit-based award).
- For volunteers who are not University employees, students, researchers, or contractors.
- Institutional Review Board (IRB) approved research study participants.
- For students in emergency situations. These purchases must first be approved by the Vice President for Student Affairs and Dean of Students and the transactions must also be entered and flow through the Student Affairs Division.

3.2 Unallowable Circumstances: Cash Equivalents

Cash equivalents may NOT be purchased or distributed under the following circumstances:

- As gifts for SJF employees, students, researchers, suppliers, or contractors currently under contract at the University.
- For suppliers or consultants for goods and/or services provided.
- All other circumstances where the criteria in section 3.1 are not met.

3.3 Mechanism for Acquisition of Cash Equivalents

- Unless permission has been granted beforehand, cash equivalents may not be purchased via the procurement card or via check requisition. All gift card requests must be made through the University Procurement Services Department to ensure compliance with this policy.

4.0 Responsibilities

All individuals to whom this policy applies are responsible for becoming familiar with and following this policy. SJF supervisors are responsible for promoting the understanding of this policy and for taking appropriate steps to help ensure its compliance.

The Gift Card Purchaser is responsible for:

- Establishing process/procedures for tracking/safeguarding cash equivalents and information collected.
- Providing awareness of the tax requirements as stated in this policy.
- Developing and overseeing controls over cash equivalents in the department.
- Completing the [Gift Card Tracking Form](#), which captures the information for the recipient of the cash equivalents. See section 7.2

5.0 Consequences for Violating Policy.

Failure to comply with this and related policies may be subject to disciplinary action, up to and including, suspension without pay or termination of employment or association with the University, in accordance with applicable disciplinary procedures. Non-compliance costs imposed by a tax authority may be passed on to departments that fail to comply with this policy.

6.0 Definitions

For this policy, the terms below have the following definitions:

Cash equivalents:

A form of payment, physical or virtual, for a specified cash value of goods or services. This includes but is not limited to:

Gift cards: Cards or certificates issued by physical stores (e.g., chain, department, or grocery stores, including the SJF Campus Store), online stores, and restaurants.

Gift Card Form:

A form required by the Accounts Payable department used to capture information about recipients of cash equivalents to aid in issuing applicable tax forms to recipients. The Gift Card Form will consist of information including, but not limited to, cash equivalent amount, recipient name, address, university ID number, and whether the recipients are employees or non-employees.

Gift Card Purchaser:

Employee who initiates Gift Card purchases

7.0 Related Information

SJF is a community in which employees are encouraged to share workplace concerns with leadership. Questions and concerns regarding this policy can be brought to the attention of the Director of Procurement.

The following information complements this document. The information is intended to help explain this policy and is not an all-inclusive list of policies, procedures, laws, and requirements.

7.1 Related Policies

- [Procurement Policy](#)

Related Forms

7.2 Forms

- [Gift Card Tracking Form](#)