

## CHAS Policies on Gift Certificates / Giveaways / Prizes

- 1) Under no circumstances can Gift Certificates be purchased using the P-card.
- 2) It is against University financial policy to use University funds to purchase and award Gift Certificates, Gift Cards, or Gift Coupons. Exceptions to this policy are highly discouraged by the CHAS Office. However, if you believe that, in a particular instance, the awarding of gift cards serves a programmatic purpose that cannot be served in some other way, you must get written approval from the CHAS Executive Director, Marty Redman, before purchasing the gift cards.
- 3) Please remember that gift cards can never be awarded between December 1 and December 31.
- 4) On those infrequent occasions when you do purchase a gift card/certificate, please remember that we need to track information about any and all recipients. However, in addition to your keeping lists of recipients' names and PennCard numbers (as we've done the past couple of years), we now also have to do some tax documentation and record-keeping. This will include turning the recipient list in to Rosalind Carter on no less than a quarterly basis. Please follow the steps below.
  - a. At the moment of announcing a winner of the gift-card prize, tell the winner that they'll need to come to the House Office the following business day to pick up their gift card.
  - b. When the student comes into the office, in addition to collecting their name and PennCard number, you'll need also to ask whether the student has been on Penn's payroll anytime during that calendar year (i.e., since January).
    - i. If the answer is yes, make note of that on your list. Once Roz gets the list from you, she is required to report to payroll any "cash" prizes awarded to students on payroll; the amount of the award will be added to their gross income.
    - ii. If the answer is no, make a notation on your list that the student has not been on payroll in the course of that calendar year; please have the student fill out a W-9 tax form.
  - c. When you turn in your list to Roz, please include these W-9s with it. Be sure to store the W-9s in a secure place until such time as you turn them in to Roz, since they contain social security numbers.
  - d. Please keep for yourselves a copy of such lists without for audit purposes.
- 5) Purchase of giveaways and prizes (as opposed to certificates/coupons) are not prohibited, but should not exceed \$100. Please continue to keep lists of prize-winners, with winner's name, penncard #, item won and its value. You are not required to turn these lists in to CHAS payroll, but, again, be prepared for audits.

Included below is Frank Maleno's statement of the policies. If you have questions, please ask Gina or Roz.

*From Frank Maleno:*

- 1) The awarding of Gift Certificates, Gift Cards, or Gift Coupons are in violation of current University Financial Policies and are highly discouraged.
- 2) For Employees: If awarding this is an absolute must then written approval must be obtained from Marty Redman in advance of the awarding. Departments that purchase these must also provide a quarterly listing to the Manager of Payroll referencing the recipient names and respective Penn ID numbers. The Payroll Office will manually add to an employee's gross wage the value of any awards granted to an employee. The giving of these should not take place between December 1<sup>st</sup> and December 31<sup>st</sup> in any calendar year.
- 3) For Non-Employees: If awarding this is an absolute must then written approval must be obtained from Leslie Delauter or Mark Liberman in advance of the awarding. Departments that purchase these must also collect a W-9 from the recipient and provide a quarterly report to the Accounts Payable Department. If the total amount of cash converting gift certificates and other cash awards made to any individual (non-employee) exceed \$600 in a calendar year the total cash equivalent value of awards made to the recipient will be reported to the IRS on Form 1099-Misc.
- 4) For Employees and Non-Employees: The awarding of non-monetary gifts or prizes are generally considered "De-Minimus Fringe Benefits" if the value of the award is under \$100. There are no tax reporting obligations for these types of awards. To play it safe lets discourage giving out non-monetary gifts or prizes that are \$100 or more in cash equivalent as they have tax implications.
- 5) Like we have been doing for these types of things lets continue to track recipient names for our own purposes in the event of a future audit.
- 6) Also refer to Financial Policy 2326, Gifts Based on University/ Employee Relationship.