



Idaho State University

POLICIES AND PROCEDURES

Gifts, Awards, Prizes, and Incentives

ISUPP 2010

POLICY INFORMATION

Policy Section: *Finance*

Policy Title: *Gifts, Awards, Prizes, and Incentives*

Responsible Executive (RE): *University Controller*

Sponsoring Organization (SO): *Division of Finance*

Dates: Effective Date: *April 14, 2022*

Revised: *N/A New policy*

Review Date: *April 2025*

I. POLICY STATEMENT

The University values the dedication, commitment, and contributions of its employees and students as well as non-employee volunteers. This policy specifies the parameters for the presenting of Gifts, Awards, Prizes, and research Incentives to individuals within the University setting. This includes, but is not limited to, recognition for accomplishments and years of service; Prizes to individuals for participation in University-sponsored events and programs; and offerings of support during times of difficulty. This policy also specifies the parameters for Incentives provided to participants in academic research projects. It sets forth guidelines to ensure compliance with the Internal Revenue Service's (IRS) rules and regulations.

II. DEFINITIONS

- A. **Gift:** an item bestowed voluntarily on an individual, often as a gesture of gratitude or expression of sympathy. Gifts should be of minimal value and ideally bear one of the University's licensed logos.
- B. **Award:** Tangible Property, cash, gift cards, or gift certificates given to an individual in recognition of performance or participation in University-sponsored projects and events. Awards are taxable income.
- C. **Prize:** Tangible Property, cash, gift cards, or gift certificates won by an individual in connection with University-sponsored programs and events. Prizes are taxable income.

- D. **Incentive:** cash or gift cards given as an Incentive for participation in academic research projects.
- E. **Cash Equivalent:** any item that has a cash value or is similar to cash, such as gift certificates or gifts cards.
- F. **Tangible Property:** personal property that can be felt or touched, and can be physically relocated. Examples include: books, electronic devices, sports bottles, backpacks, mugs, etc.
- G. **De Minimis:** a benefit that is so small as to make accounting for it unreasonable or impractical when considering its value and frequency.

III. AUTHORITY AND RESPONSIBILITY

Account Directors, Deans, Directors, Vice Presidents, and the President are authorized to approve Gifts, Awards, and Prizes and are responsible for ensuring compliance with this policy. The University expects employees to use good judgment when determining if a Gift, Award, or Prize is appropriate.

IV. PROCEDURES

IRS and University requirements for the reporting of Gifts, Awards, Prizes, and Incentives differ depending on the status of the recipient.

A. Gifts, Awards, and Prizes

1. University Employees

- a. Gifts, Awards, and Prizes may be provided to employees in the form of Tangible Property, cash, gift cards, or gift certificates through established University-wide programs and events.
- b. All Cash Equivalent Gifts, Awards, and Prizes are reported as taxable to the employee through the payroll system, regardless of value. See Gifts and Awards procedures on Division of Finance website.
- c. Tangible Property Gifts that are valued at \$100 or greater are reported as taxable to the employee through the payroll system.

d. Student Employees

The above criteria are relevant only in circumstances in which the student employee is receiving Awards and Prizes based upon their employment at the University, not their status as a student.

e. Retirement Gifts

Retirement Gifts are allowable for employees who have completed five (5) or

more years of service at ISU. The University will provide a University-funded retirement Gift based on Human Resources and State of Idaho policy.

Should a unit or department desire to purchase an additional retirement Gift, the value of that Gift must be less than \$100 and ideally should be an ISU branded item.

f. Flowers and Plants

Flowers and plants may be provided using University funds to ISU employees, ISU students, or their immediate families in the event of a death or hospitalization.

Account Directors, Deans, Directors, Vice Presidents, and the President are authorized to approve flowers and plants to non-employees, donors, or governing board members in recognition of their contributions to the University. The purchase of flowers and plants must be less than \$100.

g. Prohibited Gifts

Gifts to employees for events and activities, such as birthdays, weddings, showers, Christmas Gifts or other similar occasions may not be purchased with ISU funds.

2. Non-Employees and Students

Gifts, Awards, and Prizes may be provided to non-employees and students in the form of Tangible Property, cash, gift cards, or gift certificates as recognition of meritorious achievement, or a token of appreciation to a dignitary, guest, or visitor.

All Gifts, Awards, or Prizes are considered taxable to non-employees and students and must be reported. When the total provided to an individual equals or exceeds \$600 in a calendar year a 1099 MISC Form will be issued.

3. Non-Resident Alien

Gifts, Awards, and Prizes for non-resident aliens may be subject to 30% withholding. Any Tangible Property, cash, gift cards, or gift certificates provided to persons who are not U.S. citizens or Legal Permanent Residents must be reported to the Controller's Office.

B. Incentives for Participation in Academic Research Projects

As a research institution, Idaho State University recognizes the vital importance that scientific research plays in the development of our society. The University also recognizes that otherwise willing research participants at times decline participation in research projects of a sensitive nature, due to actual or perceived loss of anonymity. In order to remove barriers to the pursuit of knowledge, the University sets forth the following standards for the reporting of academic research Incentives:

1. Research Incentives to a Non-Employee

a. One-time Incentives to a Non-Employee

Cash, gift cards, or Tangible Property with a value greater than \$75, provided to individuals for participation in academic research projects, must be reported to the Controller's Office. A one-time Incentive with a value of \$75 or less is considered De Minimis and does not need to be reported.

b. Multiple Incentives to a Non-Employee

When an individual research participant receives multiple Incentives (cash, gift cards, or Tangible Property) for participation in an on-going research project and the cumulative value within a calendar year exceeds \$75, the value must be reported to the Controller's Office. Cumulative values of \$75 or less are considered De Minimis and do not need to be reported.

2. Research Incentives to ISU Employees

Academic research Incentives to University employees will be administered in the same manner as non-employees when participation in the research project is outside the scope of the employee's job responsibilities.

3. Research Incentives Provided by an External Partner

a. Company-Branded Items

When Tangible Property is provided by a research partner, sponsor, or other external entity, and is branded with the donating entity's logo, it is not required for such items to be reported to the Controller's Office. Examples include: company-branded backpacks, mugs, pens, hats, etc.

b. Non-Branded Items

Tangible Property, provided by a research partner, sponsor, or other external entity that is not branded with the donating entity's logo will be administered in the same manner as non-donated items, as outlined in sections IV.B.1 and IV.B.2 of this policy.

4. Materials Inherently Connected to a Research Project

Materials inherently part of a research project, such as the receipt of medication during participation in a drug trial, do not need to be reported to the Controller's Office.

V. ATTACHMENTS

A. Gifts, Awards, Prizes, and Incentives Tax Status Chart

PRESIDENTIAL CERTIFICATION

Kevin Satterlee Date: 04/14/2022

Approved by Kevin Satterlee
President, Idaho State University

ATTACHMENT A

Gifts, Awards, Prizes and Incentives

Tax Status Chart

	Purpose	Recipient	Definition/Suggested Purchase	IRS Rule(s)	Timing Limits	Funding Source/\$ Limits	Taxability	What to Submit
TANGIBLE PROPERTY (NOT cash/gift card)	Retirement or Separation	Employee Including Student Employees	Official gift from ISU based on years of service Gifts purchased by department should be less than \$100. Suggested purchases include: plaques, ISU logo items, or mementos	de minimis levels (under \$100) apply Reported on W2 if \$100 or over	Once	Local or Restricted funds Less than \$100 or become taxable.	Never taxable if under \$100. Taxable if \$100 or greater	If total is \$100 or greater must submit <i>Prize, Award, and Research Incentive Form</i> to Payroll.
	Promotions, Door Prizes, or Awards	Employee Including Student Employees	Prizes given as part of employee event. Suggested purchases include gift baskets and ISU logo items	de minimis levels (under \$100) apply. Reported on W2 if \$100 or more.	As appropriate	Local Funds/ less than \$100 Per person per event.	Taxable if \$100 or greater	If total is \$100 or greater must submit <i>Prize, Award, and Research Incentive Form</i> to Payroll.
		Students or Non-employees	Prizes given as part of ISU event. Suggested purchases include gift baskets and ISU logo items.	1099 Reportable	As appropriate	Local or Club Funds	Reportable by ISU via 1099 (If total received in calendar year is \$600 or greater)	Must submit <i>Prize, Award, and Research Incentive Form</i> and W9 to AP for each item.
	Bereavement or Serious Illness Recognition	Employee Including Student Employees	Flowers or charitable donation to certain organizations. Bereavement recognition is allowed for immediate family members of an employee. IRS definition of immediate family includes spouse, child, parent, sibling, grandparent or grandchildren.	de minimis levels (under \$100) apply. Reported on W2 if \$100 or over.	Once per occasion	Local or External Funds/under \$100	Taxable if \$100 or greater.	If total is \$100 or greater must submit <i>Prize, Award, and Research Incentive Form</i> to Payroll.
	Appreciation or Recognition Awards	Employee Including Student Employees	Suggested purchase: ISU logo items, certificates redeemable for a specific item, gift baskets or plaques.	de minimis levels (under \$100) apply. Reported on W2 if \$100 or over.	As appropriate	Local or External Funds	Taxable if \$100 or greater.	If total is \$100 or greater must submit <i>Prize, Award, and Research Incentive Form</i> to Payroll.
		Students or Non-employees	Suggested purchase ISU logo items, certificates redeemable for a specific item, gift baskets or plaques.	1099 Reportable	As appropriate	Local or Club Funds	Reportable by ISU via 1099 when total received in a calendar year is \$600 or greater	Must submit <i>Prize, Award, and Research Incentive Form</i> and W9 to AP for each item.
Academic Research Incentives	Research Participants	Books, ISU branded items, raffled items, backpacks, hats, etc.	de minimus Level (under \$76 apply)	One-time or cumulative	Local or external funds	Reportable if cumulative value is greater than \$75 in a calendar year	If total is greater than \$75, submit <i>Prize, Award, and Research Incentive Form</i> to Payroll.	

AP = Accounts Payable

	Purpose	Recipient	Definition/Suggested Purchase	IRS Rule(s)	Timing Limits	Funding Source/\$ Limits	Taxability	What to Submit
CASH or GIFT CARD	Promotions, Door Prizes or Awards	Employee Including Student Employees	Cash or Gift Cards are always taxable regardless of the dollar amount.	W2	As appropriate	Local or external funds	Always taxable	Cash should be paid through the Payroll Process as onetime payment. Gift cards should be reported to payroll by email to be taxed.
	Cash or Gift Card	Students or Non-employees	Cash is always taxable regardless of the dollar amount.	1099 Reportable	As appropriate	Local or Club Funds	Reportable by ISU via 1099 when total received in a calendar year is \$600 or greater	Paid through AP or change fund must have W9 completed and submitted to AP for each item.
	Academic Research Incentives	Research Volunteers	Cash or Gift Cards with cumulative value of \$75 or less	de minimis Level (under \$76 apply)	As appropriate	Local or external Funds	Reportable if cumulative value is greater than \$75 in a calendar year	Reportable to AP if cumulative cash or gift card is greater than \$75. <i>Prize, Award, and Research Incentive Form</i> with W9.
	Gifts, Prizes, Awards, or Academic Research Incentives	Non-Resident Aliens	All Gifts, Prizes, Awards, participant support given to non-resident aliens could be subject to 30% withholding.	1042-S	As appropriate	Local, external or club funds.	30% withholding	Contact AP for guidance on withholding

AP = Accounts Payable