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 gift 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
# Gifts, Awards, Prizes and Incentives

## Tax Status Chart

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

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