



Xavier University

Gift Card Policy

Effective: October 24, 2023

Responsible University Office: Controller's Office

Responsible Executive: VP and Chief Financial Officer

A. REASON FOR POLICY

The purpose of this Policy is to set forth the guidelines and procedures for the purchase and distribution of gifts and gift cards/certificates purchased with University funds to ensure compliance with the University's tax withholding and reporting obligations. Gift cards purchased using government or private grants or other restricted funds must be allowable under the terms and conditions of the grant or restricted fund and must also follow the below guidelines.

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. Finally, gift cards/certificates given to nonresident aliens are subject to federal tax withholding which the department will be responsible for unless an exception applies.

B. POLICY

B.1 GIFT CARD TYPES

- Anywhere/anytime cards such as Visa, MasterCard, American Express or money-orders
- Store gift cards/certificates that are redeemable for a large variety of commodities, such as Walmart or grocery store gift cards
- Restaurant gift cards/certificates
- Gift cards to on-campus stores or dining facilities at Xavier University
- Virtual gift cards like Amazon
- Paper gift certificates are considered the same as gift cards

B.2 ELIGIBILITY

B.2.1 Xavier Employees

Except for programs and events authorized by a member of the Senior Leadership Council, gift cards to employees are prohibited

B.2.2 Student Workers

Student workers may not be given gift cards for work related activities (e.g., bonuses, incentives, rewards, etc.) except as part of programs administered by Human Resources. (NOTE: see B.2.3 for instances when student gift cards are allowable)

B.2.3 Non-Employees

Gift cards may be purchased for non-employees/students only as a thank you for volunteering, to compensate research and survey participants, or as a prize for an event, raffle or survey. Individual gift cards may not have a face value greater than \$50 and multiple gift cards to the same person are not allowed. No more than \$500 worth of gift cards may be purchased for an event without approval by a member of the Senior Leadership Council. Multiple purchases of less than \$500 for the same purpose to avoid the required approval are strictly prohibited.

B.2.4 Suppliers, Consultants, Speakers

Gift cards purchased with University funds can never be given to University suppliers, consultants and speakers at any time.

B.3 TAX IMPLICATIONS:

B.3.1 Gifts Cards or Certificates to Employees

Any gift card/certificate purchased with University funds and given to an employee will be considered taxable income to the employee and added to their Form W-2 during the calendar year the gift card was received. 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.

B.3.2 Gift Cards or Certificates to Non-Employees

Gift cards presented to Non-employees may be taxable and reportable income on form 1099-MISC to the recipient if they are over \$600.00. Gift cards should not be given in exchange for services. The University will track all compensation received by such individuals, if the individual receives other awards or payments during the calendar year in excess of \$600, the entire amount will be reported on Form 1099-MISC. A gift card log must be kept for such individuals and a form W-9 requested at the time of gift card distribution if there is any indication that an individual might receive \$600 during the year.

B.3.3 Research or Survey Participants

Payment to participants of Xavier University research or survey projects may be compensated with a gift card; such compensation may be taxable income to the recipient. The University will track all compensation received by such individuals, if the individual receives other awards or payments during the calendar year in excess of \$600, the entire amount will be reported on Form 1099-MISC. A gift card log must be kept for such individuals and a W-9 Tax Form requested at the time of gift card distribution if there is any indication that an individual might receive \$600 during the year.

C. PROCEDURES

C.1 HOW TO BUY GIFT CARDS

Gift cards may be purchased online through XavierBuy or in person using a Xavier P-card. When gift cards are purchased using a Xavier P-card, reconcilers should reference the Gift Card Reporting Form in their USBank transaction comments.

C.2 DOCUMENTATION OF GIFT CARD PURCHASES

Every gift card purchase must be reported, regardless of dollar value, using the form linked here. <https://www.xavier.edu/procurement/accounts-payable/gift-card>

- This form must be completed individually for each gift card purchased.

Control of Gift Cards

Gift Cards should be kept under lock and key at all times to ensure proper physical security and to protect from theft and loss. Access to the gift cards and keys to the lock areas should be limited to the individual(s) responsible for safekeeping of the gift cards.

