

## Gift Cards

Under Internal Revenue Code (IRC) 132 a gift card, gift certificate or a prepaid Visa/MC is considered a cash or cash equivalent fringe benefit. This type of fringe benefit is additional compensation and taxable to an employee, non-employee, student, or research participant.

Click on any categories below to access information for each type of gift card and the requirements needed to purchase.

[Students](#)

[USU Employees](#)

[Non USU Employees/ Non-Confidential Research Participants](#)

[Confidential Research Participants](#)

### **Required Signatures for Direct Pay Forms**

Signatures are required from both the preparer of the form and the authorizer. The "authorizer" is the person who has primary responsibility for the index being charged for the expenditure. This person can be the department head or other authorized administrator, the business manager/officer, or the principal investigator.

The preparer of the check request and the authorizer cannot be the same person. Any person being paid on a check request form cannot sign as the authorizer. A supervisor or other authorized administrator signature is required.

### **Gift Card/Certificates to Students**

The University complies with the IRS Regulations by reporting payments that total \$600 or more over the calendar year on the 1099-MISC Form. The Internal Revenue Service considers gift cards to be non-compensatory taxable income to the student. These payments may be considered income when determining a student's financial aid package and have an impact on other need-based financial aid the student may receive.

The department is encouraged to issue a check to the student in lieu of a gift card by following the USU Student Prize and Awards Direct Pay Procedure, but if the department chooses to purchase a gift card for the student the following information and documentation is required:

1. The name and A# of the student receiving the gift certificate.
2. The home mailing address of the student.
3. A written description of the gift certificate.
4. A completed [Taxable Gifts and Awards Form](#) for the Students.
5. Use account code 714605

### **Gift Cards for Students:**

### [USU Student Gift Card/Certificate Direct Pay Form](#)

The check will need to be picked up at the Cashier's Office in the TSC room 248 for the department to purchase the gift card.

#### **P-card**

A gift card may be purchased with a p-card. The p-card statement needs to include the receipt for the gift card and also a copy of the Taxable Gifts and Awards Form for Students. (The original is sent to the Controller's Office UMC 2400). The student will receive the full amount of the gift card; if the student is an employee, the taxes will be taken out of their next paycheck. If the student is not an employee, a 1099-MISC Form will be sent to them if the amount received over the calendar year is over \$600.

#### **Gift Card/Certificates to Employees**

Gift Cards are considered cash equivalent and taxable to the employee. The employee will receive the full amount of the gift card, but payroll taxes will be withheld from the employee's next paycheck. Any compensation, with the exception of payment for Royalties (see [Royalty Payments](#)), is considered taxable under IRS Regulations. There is no "minimum amount" payment that is considered tax-free. This is true even if the compensation is not part of the employee's regular job duties, including participation as a non-confidential research participant.

The department is encouraged to issue a check to the employee in lieu of a gift card by following the Awards Direct Pay Procedure but if you choose to give the employee a gift card the following documentation and information is required to process this check request:

1. The name and A# of the employee being paid.
2. Employee's home mailing address.
3. A completed [Taxable Gifts and Awards Form](#) for Employees.
4. Use account code 714600.
5. Purpose of the gift card/certificate.

### [Ways to Pay for the Gift Cards for USU Employees:](#)

#### **USU Employee Gift Card/Certificate Direct Pay Form**

The check will need to be picked up at the Cashier's Office in the TSC room 248 for the department to purchase the gift card.

#### **P-card**

A gift card may be purchased with a p-card. The p-card statement needs to include the receipt for the gift card and also a copy of the Taxable Gifts and Awards Form for Employees. (The original is sent to the Controller's Office UMC 2400). The employee will receive the full amount of the gift card but the taxes will be taken out of their next paycheck.

### **Gift Certificates to Non-Employees/Non-Confidential Research Participants**

A gift card is considered a cash equivalent to a non-employee/non-confidential research participant. The University complies with IRS Regulations by reporting any form of non-employee compensation that totals \$600 or more over a calendar year on 1099-MISC Form.

Payment for participation in a research project may include being paid to answer a survey or for taking part in a food tasting project.

The department is encouraged to issue a check to the non-employee/non-confidential research participant in lieu of a gift card by following the Awards Direct Pay Procedure but if you choose to give the non-employee/non-confidential research participant a gift card the following documentation and information is required to process this check request:

1. The name and SSN (unless A# is known) of the recipient.
2. The recipient's home mailing address.
3. Use account code 714600.
4. Purpose of the gift certificate or grant/research number.
5. A Completed [W-9 Form](#)

### **Ways to Pay for the Gift Cards for Non-USU Employees:**

#### **Non-USU Employee/Non-confidential Research Participants Gift Card/Certificate Direct Pay Form**

The check will need to be picked up at the Cashier's Office in the TSC room 248 for the department to purchase the gift card.

#### **P-card**

A gift card may be purchased with a p-card. The p-card statement needs to include the receipt for the gift card and name and address of recipient. A W-9 Form needs to be sent to the Controller's Office with the amount of the gift card received by the recipient. The non-employee/non-confidential research participant will receive a 1099-MISC form if their total of received monies is over \$600 per calendar year.

#### **Gift Certificates to Confidential Research Participants**

Some participation in research projects are on a confidential basis. In those instances where the Institutional Review Board has ruled the participation to be confidential the University will not require collection of confidential information.

The department may issue cash to the confidential research participant in lieu of a gift card by following the Research Cash Advance Fund Procedure but if you choose to give the confidential research participant a gift card the following documentation and information is required to process this check request:

1. Use account code 712115
2. The name of the research project, including the IRB Number.
3. The name of the PI.

## Gift Cards for Confidential Research Participants:

### Confidential Research Participants Gift Card/Certificate Direct Pay Form

The check will need to be picked up at the Cashier's Office in the TSC room 248 for the department to purchase the gift card.

### P-card

A gift card may be purchased with a p-card. The p-card statement needs to include the receipt for the gift card, the research project with the IRB Number, and name of the P.I.

With the Confidential Research Participants, the departments may purchase more than one gift card at a time and have an inventory on hand. The following requirements need to be met to keep an inventory of gift cards on hand:

### Gift Card Custodian

An employee will be appointed to act as Gift Card Custodian over the Research Gift Cards. Please notify Randy Coleman of the Gift Card Custodian.

The Gift Card custodian is responsible for the following:

1. Create and maintain a gift card log:
  - a. A gift card log states the title of the research project, the name of the P.I., and the index associated with the project. The first entry is the date the gift cards are purchased, the serial numbers, and the total number and amount paid per gift card. A copy of the receipt for the purchase of the gift cards must be attached to the log.
  - b. The custodian will distribute to the research assistant or P.I a spreadsheet stating the number of the gift cards given, and the amount per gift card with the serial number.
  - c. The research participant receiving the gift card must sign and date the spreadsheet. The research assistant or P.I. collects the signatures and returns this information to the custodian.
  - d. The research assistant or P.I will return any remaining gift cards with the completed spreadsheet to the custodian.
  - e. The custodian updates the log entry with information from the spreadsheet.
  - f. Monthly – a count of the gift card inventory is taken. This is done by adding the total number and the dollar amount of the cards on hand and the number and dollar amount given out to participants (supported by original informed consent forms) to any left-over gift cards and comparing

that total to the number and amount of gift cards purchased. If the amounts do not agree, the custodian's supervisor and the Department Business Officer must be contacted immediately. If resolution cannot be reached, the supervisor must contact Campus Police and Randy Coleman, Director of Treasury Services, to report the loss. If the amounts agree, both the supervisor and custodian signs and dates the log.

2. The gift cards must be secured at all times in a safe or a locked file cabinet.
3. Only the custodian or custodian's supervisor will have access to the gift cards.
4. The custodian is responsible to ensure that the gift cards are used ONLY to pay participants in the research for a particular grant.

### **Supervisor**

The custodian's immediate supervisor is responsible for the following:

1. Conduct monthly gift card counts with the custodian present to verify the proper use and accounting of funds. The supervisor begins with the original number and amount of the gift cards, verifies payments to participants by reviewing the consent forms, and determines that the ending balance and serial numbers recorded in the log agrees with total gift cards on hand. Both the supervisor and custodian date and sign the log to indicate that a count has been performed.
2. A copy of the monthly [signed certification](#) of inventory needs to be kept in the department.
3. Resolve inventory discrepancies between the log, the custodian and research assistant if necessary. If resolution cannot be reached, the supervisor must contact the Department Executive Director; Campus Police; and Shanell Johnson, Manager of Treasury Services, to report the loss.
4. Contact Shanell Johnson, Manager of Treasury Services, immediately in writing if a new Gift Card Custodian is assigned to the fund. A count must be performed by the supervisor and original Gift Card Custodian (indicated by both signing and dating the log) before a new custodian is assigned.
5. Random checks will be made throughout the year by the College Business Officer.