

Gifts and Awards – Procedure

FAQs

CONCEPT/GENERAL PROCEDURE

1) What is a gift?

Answer: Typically a gift is a tangible item presented to an individual (either employee or nonemployee). Specific types of gifts are defined in BSU 6230 – Gifts/Awards/Incentives.

2) When is a gift taxable?

Answer: Typically, for employees: gifts are taxable when they exceed the de minimis value, which is \$75. For nonemployees: all gifts are taxable. Nonemployees are required to self report the value of gifts up to \$600. The university is required to send a 1099 when the cumulative value exceeds \$600.

3) Are gift cards taxable?

Answer: That depends on the relationship the recipient has with the university and the type of gift card given. See the chart below:

	Employee	Nonemployee
Gift card – specific to vendor (i.e., Costco, Target, etc)	Taxable if value greater than \$75. Gift/Award/Incentive form should be submitted when value exceeds \$75.	Taxable. Self reportable by recipient up to \$600. University required to send 1099 after \$600. Gift/Award/Incentive form should be submitted when value exceeds \$250
Gift card – generic (i.e., visa card, etc). Can be used at any vendor.	Yes	Yes

4) Why are gifts such a big deal and require so much procedure? Why are there forms and reports for these transactions and not others? Other transactions that fall into O/E don't require this type of additional review and procedure.

Answer: The highly sensitive nature of gifts being purchased with university funds (which come from tax payer funds and student fee revenues) require additional care and scrutiny. A gift is potentially taxable to the recipient depending on the value of the gift and the recipient's affiliation with the university. And the IRS auditors are very interested in how

the university is taxing gifts. Gifts are also highly political in nature based on the mission of the university and the nature of revenue sources. These transactions can get lost in the vast detail of operational transactions and the entire impact (dollars spent) may not be apparent unless grouped together. Also this type of transaction requires an enhanced internal control because the risk of theft or loss is higher for gift items than for other operations expenses such as office supplies.

5) Who can approve the purchase of a gift?

Answer: BSU 6230 – Gifts/Awards/Incentives requires Dean/VP approval for all gifts

6) Is a student an employee or nonemployee?

Answer: If a student works at Boise State University he/she is considered an employee. If a student is not employed at Boise State University he/she is considered a nonemployee.

7) In an intern an employee? And, can I give an intern 'gift' instead of a paycheck?

Answer: If the intern is paid by the university he/she is considered an employee. If the intern is not paid by the university (even if credit hours are earned), he/she is considered a nonemployee. However, a gift may not be given to an intern in lieu of compensation.

8) We will be giving gifts to students. Some of the students are employed by the university; however, that employment is incidental to their status as a student and the associated gift. Can that student be considered a nonemployee with regard to gift amount thresholds and taxing status?

Answer: No. From an IRS regulation perspective, students are considered employees if they are working at the university.

9) What if a student was employed (or will be employed) at the university in the past (or future) but isn't at the moment? An employee or nonemployee for gift purposes?

Answer: Status is determined by their relationship to the university on the date the gift is presented.

10) What if the recipient is a non US Citizen? (Nonresident alien, resident alien, etc)?

Answer: If, due to the nature of the relationship with the individual, you are aware that the recipient is not a US citizen, (i.e., Non Resident Alien, Resident Alien, etc.) please contact Administrative Accounting BEFORE the gift is given to the recipient. Certain IRS withholding rules may apply.

11) My department received a tangible item to be given to an employee or nonemployee as a gift...what do I do?

Answer: If the item is given to the university by an external party for a specific person there is no need to turn in a Gift/Award/Incentive form as the external party is responsible for tax reporting, if necessary. If the external party does not specify who the item should be given to, the standard gift rules apply.

12) If a vendor gives us \$1,000 worth of product (e.g. hand sanitizer) is that considered a gift? And, does it require a Gift/Award/Incentive form?

Answer: You have described a gift to the university. However, if the product is given to an individual for his or her personal use, it could be considered a gift. If the product is a gift a Gift/Award/Incentive form must be submitted if the value exceeds \$75 for an employee or \$250 for a nonemployee.

13) Can I use my pcard to buy a gift?

Answer: Yes

14) Do I need to have a copy of the Gift/Award/Incentive form included with the pcard documentation?

Answer: No. Departments may elect to include a copy of the Gift/Award/Incentive form with other pcard documentation but it is not required.

15) What is the account code to use for gifts and awards?

Answer: 59910 should be used for gifts. 599200 should be used for promotional items. However, there are instances in which another account code more closely reflects the accounting treatment of the transaction. In that case, please feel free to use whatever account code is most appropriate.

16) What is the Gift/Awards/Incentive matrix?

Answer: The Gift/Awards/Incentive matrix provides information about purchasing retirement gifts, recognition gifts, bereavement recognitions, program incentives, and promotional items. Information about appropriate gifts, authorized amounts, timing limitations, and required approvals are readily available via the Gift/Award/Incentives matrix.

17) What if the gift selection exceeds the authorized amount?

Answer: This could become a personal expense to the purchaser. Exceptions to policy limits are granted rarely and on a case-by-case basis. If your purchase falls outside of policy, you must seek preapproval from Alicia Estey, Director of Tax Compliance (aliciaestey@boisestate.edu).

18) How do I safeguard gifts, especially if I have an inventory such as gift cards?

Answer: Departments bear the responsibility of safeguarding any university assets including gifts. Safeguarding techniques may include keeping items in a locked cabinet or maintaining a log of items and requiring assets to be signed out. Operational procedures vary between departments. As such, departments may define internal control procedures in a manner that best suits the department.

19) How do I know if the internal controls process in our college or department is sufficient?

Answer: Contact Internal Audit and Advisor Services at 426-1533.

20) Why do some areas use spreadsheets? Why do I have to turn in a Gift/Award/Incentive form?

Answer: The business functions of some departments result in more gifts...such as Advancement or Athletics. The spreadsheets are typically a subset of a larger procedure tracking various transactions including gifts. Typically, however, gifts are a rare occurrence. AP only needs data from groups when there is a likely taxable consequence of the gift.

21) I am spending \$150 at the Bronco Shop for three \$50 gifts for students. Do I need to fill out the Boise State Bookstore Gift Requisition Approval Form? And, what about the Gift/Award/Incentive form?

Answer: The Boise State Bookstore Gift Requisition Approval form is no longer a required form for purchases at the Bookstore. The Gift/Award/Incentive form is only required when the value of the gift exceeds \$75 for an employee or \$250 for a nonemployee. Remember, if a student works at Boise State he/she is considered an employee.

22) We sponsor residence hall community building events where we purchase crafts supplies and the students create items. The item becomes their personal property to do with as they wish. Is this a gift?

Answer: No. The project as described does not result in a gift.

23) Are plaques created to commemorate a person's contribution to the university and housed at the university considered a gift?

Answer: No. In this case the university owns the gift rather than the individual.

FORM PROCEDURE

24) When do I need to turn in a Gift/Award/Incentive form?

Answer: Gift/Award/Incentive form must be turned in when the value of a gift exceeds \$75 for an employee to \$250 for a nonemployee

25) Why do I have to track all transactions but only submit a Gift/Award/Incentive form for some transactions?

Answer: All transactions require an enhanced set of internal controls. However, only some transactions will result in a taxable consequence. Thus, all should be tracked and the higher value items also need to be taxed. The change is to eliminate the requirement for forms at a point in which a taxable consequence is not likely.

26) What value is the Gift/Award/Incentive form?

Answer: It is for internal control purposes and to document the receipt of the gift by the recipient and to gather information needed for tax form processing (taxable fringe and 1099 reporting).

27) Why do I need to indicate if the individual is related to someone at the university?

Answer: Certain IRS rules may apply depending on the relationship of the recipient to an employee of the university.

28) Why does the Gift/Award/Incentive form have an expanded business purpose section?

Answer: Gift/Award/Incentive forms are required only for those gifts where a taxable consequence is likely (\$75 for an employee or \$250 for a nonemployee). When a gift becomes taxable additional detail is needed for supporting documentation. All transactions, regardless of dollar value, will be reviewed via the Monthly Gift Review procedure.

29) Why are there internal control signatures on the Gift/Award/Incentive form?

Answer: This is for internal control purposes. In cases where it isn't reasonable to ask the recipient for a signature, two signatures from the department will suffice.

30) When is one signature sufficient and when do I need the second signature, too?

Answer: A single signature is sufficient if the recipient is signing. signature from two departmental representatives is appropriate in lieu of a recipient signature.

31) The policy, procedures and matrix say that purchasing gifts requires a Dean or VP approval but there is no place on the Gift/Award/Incentive form for that person to sign. Why?

Answer: The Dean or VP must approve the purchase of a gift or gifts. He/she is approving the concept and the value of the gift (and the recipient if known at the time of purchase) and each college and department may choose how that approval is handled. Some Deans/VPs may require staff to obtain his/her signature on an internal form or memo; some may feel that an exchange of emails best fits internal practices; some may feel

that verbal approval with a follow up email is the best fit (verbal approval without a follow up email is not encouraged). In the end, the Dean or VP must feel comfortable that an internal process has been established that allows him/her to be aware of and affirm or deny every request by faculty or staff to purchase a gift.

MONTHLY REPORTING PROCEDURE

32) What do I do with the gifts where value is less than threshold?

Answer: Business managers will receive a gift report on a monthly basis. The gift report should be reviewed for completeness and accuracy and returned within designated deadlines. Gift information will also be presented to Dean/VP on a quarterly basis for informational purposes only.

33) I have a lot to do...why do I have to confirm the transactions, too? And, what will happen if I don't?

Answer: It has always been the responsibility of the department to review and track purchases, including gifts. Historically the procedure included filling out a form for each gift transaction. This part of the procedure has been modified by reducing the number of forms that are required to be sent in and presenting the same information in an electronic format. The intention is to make the overall procedure more efficient by utilizing an electronic rather than paper procedure for transactions that will not result in a taxable consequence. Additionally, the review also helps to confirm the report going to the Dean/VP is accurate.

34) Why do I need a Gift/Award/Incentive form if I'm also getting the data electronically? Why can't I just include recipient on the report & be done with it?

Answer: The reporting back is part of an internal control. The Gift/Award/Incentive form acts as supporting documentation for tax purposes. If a question should arise regarding the tax, this form provides the documentation. The enhanced business purpose gives more detail than a financial transaction typically would.

35) What does the Dean/VP need to do with the Quarterly Gift Report?

Answer: The report is provided for informational purposes only. All gift purchases require Dean/VP approval, thus all transactions should make sense. However, if there is a question about a particular transaction, the Dean/VP is encouraged to ask the business manager.