

Gift Certificates

Policies and Procedures

The Internal Revenue Service provides employers with guidelines on the taxability of gifts to employees. Specifically, the IRS requires that bonuses and awards (including gift certificates) be shown as taxable income on your W-2 form. The following is the University policy to ensure that we comply with federal regulations:

Employee gifts of appreciation: Supervisors often look for ways to recognize employee performance or a special event (for example, retirement) with gifts or gift certificates. Both however are considered taxable by the IRS and Colgate is required to report these awards to the IRS. To insure accurate reporting, the following procedure must be used when purchasing gifts or gift certificates for employees (including students).

The cost of gifts or gifts certificates will only be reimbursed upon completion of a University disbursement voucher and submitted to the Accounting Office. The voucher must include the name of the recipient to be taxed, the date the certificate will be awarded and its purpose. Gifts and gift certificates cannot exceed \$100.00 unless prior approval is obtained from the divisional vice president, provost or dean. Direct billing to the University or the use of the Chase Corporate Card is unallowable. Purchases should be made with personal funds which can then be submitted to the Accounting Office for reimbursement. Failure to follow this procedure may result in forfeited reimbursement.

If you have any questions, feel free to contact the Accounting Office at extension 7413.