

## THE UNIVERSITY OF THE SOUTH

### EMPLOYEE GIFT POLICY

At Sewanee, celebration is an essential part of how we create community and honor the hard work and dedication behind the success of the University in meeting its mission. Two of the ways we celebrate our employees are the annual Employee Recognition Lunch, where length of service and other achievements are acknowledged and rewarded, and the Holiday Lunch where door prizes are given. Individual departments sometimes also provide employees gifts to thank them for extra effort or to express get well wishes and congratulations.

Certain gifts, awards, and prizes obtained through University funds and given to employees must be reported to Human Resources so that the value can be added to the employees' taxable income and the appropriate taxes collected from the employees' pay. Gifts such as cash awards, gift cards, and gift certificates, regardless of their value, are always taxable to the employee and must be reported at the time the gift or award is given by using this form:

[http://hr.sewanee.edu/assets/uploads/REPORT\\_FORM\\_FOR\\_TAXABLE\\_AWARDS.pdf](http://hr.sewanee.edu/assets/uploads/REPORT_FORM_FOR_TAXABLE_AWARDS.pdf).

However, occasional *non-cash* gifts of nominal value may be excluded from reporting requirements if the value of the award is so small that accounting for it would be difficult. The Internal Revenue Service has not set a specific dollar maximum at which an item becomes taxable, but a gift worth more than \$50.00 is a good rule of thumb. Examples of such non-taxable "perks" are as follows:

- Coffee and doughnuts provided to employees.
- Traditional holiday gifts (candy, turkey, etc) of a relatively small value.
- Occasional T-shirts or other apparel of small value for special events.
- Occasional tickets for entertainment or sporting events.
- Occasional parties or picnics for employees.

For the purposes of this list, a gift may be considered occasional if it is given no more frequently than once a calendar year. Finally, awards below certain dollar limits are not taxable.

Departments with questions about whether a gift obtained through University funds should be reported should contact Human Resources for assistance.

If a gift is taxable to the employee, departments may wish to pay the taxes on the gift. To do so, the department may choose to "gross up" the amount and charge the tax to the department.

Revised March 2015

*Effective 2014*