

Gifts, Prizes, and Awards

Category: Administration and Governance
Responsible Office: Financial Management
Responsible Executive: Vice President for Finance and Administration

Date Established: to be determined
Date Last Updated: 10/18/18

Summary

State, University at Buffalo Foundation, Inc., and Research Foundation funds may be used to purchase gifts, prizes, and awards to recognize members of the university community to support our mission.

Policy Statement

The University at Buffalo (UB, university) supports the recognition of its community members, employees, and students through the use of gifts, prizes, and awards. Such items may not be lavish or extravagant, and must comply with funding source restrictions outlined in the *Gifts, Prizes and Awards Funding Chart*. Policy objectives are to achieve the following:

- The university is in compliance with federal tax regulations instituted by the Internal Revenue Service (IRS).
- Gifts, prizes and awards are reasonable and support the university's mission of teaching, research and community outreach.
- University funds are used with a clear business purpose.

Employee As Recipient

The university does not allow cash or cash equivalent to be given as a gift, prize or award to employees except where the requirements of supplemental pay, such as extra service or also receives are met. Tangible gifts, prizes and awards are the preferred method for recognizing an employee. Tangible items must be of a de minimis value and follow the funding source requirements on the corresponding *Chart*.

Awards of tangible personal property given as part of a meaningful and documented presentation for the purpose of congratulating an employee on their retirement, are tax exempt. University guidelines on limits and allowable funding sources are included in the attached *Chart*.

Holiday gifts for faculty, staff and student employees are not allowable via any funding source. Also, gifts to honor an individual for personal reasons (e.g. birthday, wedding, housewarming) may not be charged to university funds. Personal contributions among colleagues may be considered as a method of providing such gifts.

Employees who receive a gift, prize, or award resulting from performing an activity that is separate and distinct from their position at the university will be treated as nonemployees. This includes employee human subjects, employee donors, employee alumni and employee volunteers.

Nonemployee As Recipient

Gifts, prizes, and awards given to nonemployees are generally reportable as taxable income if cumulative payments in a calendar year equal or exceed \$600. The university will file IRS form 1099-MISC to report the gifts, prizes, and awards when the value of cash and the fair market value of noncash awards to an individual total \$600 or more in a calendar year. Noncash awards to nonemployees that have little intrinsic value, such as medals, trophies, and plaques are not reportable. A *Gift Reporting Form* must be completed for all awards of cash, cash equivalents and for all awards of tangible property with a value of \$100 or greater.

Nonresident Alien As Recipient

All gifts, prizes, and awards to nonresident aliens are subject to 30 percent tax withholding and reported on IRS form 1042-S.

Background

The university supports the recognition of the contributions of outstanding employees and non-employees through the use of gifts, prizes and awards. This policy governs appropriate use of university funds for such expenditures and compliance with federal tax regulations.

Applicability

This policy applies to all faculty, staff, and student employees who use university funds to purchase gifts, prizes, or awards to distribute on behalf of the university.

This policy does not apply to, honoraria, employees compensated as extra service or also receives, moving expenses, allowances, tuition support or items purchased using non-university funds. This policy also does not govern the acceptance of a gift from a third party.

Granting or awarding financial aid is not considered an award for the purposes of this policy. Awards to students related to academic performance are considered financial aid and are not subject to this policy.

Definitions

Also Receives- Compensation used when the work to be performed by the employee is: 1) less than one year 2) substantially different and in addition to an individual's professional work obligation, and 3) performed during an employee's normal work shift.

Award- Cash or noncash items given for exemplary performance or productivity and given in recognition of an accomplishment, achievement or activity that is tied to a vital business reason.

Cash- Currency, coin, checks, credit or debit card recordings, bank notes, bullion, traveler's checks, registered checks, and money orders.

Cash Equivalent- An instrument used in lieu of cash but in the same manner. Cash equivalents at UB include gift cards, campus cash, and reloadable debit cards (e.g., ClinCard).

De Minimis- Gifts, prizes or awards so small in value that it is not reasonable or practical to account for their value. Cash and cash equivalents are never considered de minimis as defined by the IRS. For university purposes, de minimis is defined as non-cash items having a value of \$100 or less and must be provided on an occasional basis.

Extra Service- work performed by the employee must be 1) performed entirely outside the employee's normal work day/shift, 2) substantially different from an individual's professional work obligation as defined by the employee's performance program, and 3) must not interfere with the employee's regular responsibilities. Additionally, State University of New York policy states that compensation for extra service is not to exceed an amount equal to twenty (20) percent of an employee's base annual salary in a fiscal year beginning on July 1 or academic year beginning September 1, as appropriate.

Gift- Cash or noncash items given to express appreciation or gratitude; not related to job performance and no negotiation conducted in advance. Gifts should be of nominal value and, ideally, bear the university's licensed logo or be UB themed. Use of UB brand items is not a requirement unless indicated so in the *Gifts, Prizes, and Awards Funding Chart*.

Prize- Cash or noncash items received as a result of a game of chance, drawing or contest of skill, either with or without the purchase of a chance or ticket.

Raffle- Game of chance in which a participant pays money in return for a ticket or other receipt and in which a prize is awarded on the basis of a winning number or numbers, color or colors, or symbol or symbols designated on the ticket or receipt, determined by chance as a result of a drawing from among those tickets or receipts previously sold (NYS General Municipal Law, Section 186.3-b). Raffles include Penny Social, Queen of Hearts, and Treasure Chest Raffles.

Responsibility

Deans, Vice Presidents, Vice Provosts, University Business Officers

- Account for all expenditures that fall within the scope of their budgetary jurisdiction.
- Support a structure that allows for a meaningful review and approval to be performed on each request.
- Act as a consultant to university employees seeking guidance on the reasonableness of requests.

Employee (Faculty, Staff, Student Employee)

- Exercise reasonable judgment when making a decision to incur an expense on behalf of the university. Refer to the *Gifts Prizes and Awards Funding Chart*, when applicable.
- Submit the appropriate tax forms when making a purchase.

Responsible Executive, Principal Investigator (PI), Authorized Approver

- Review and approve requests for the use of university funds in conjunction with this policy.
- Verify that the expense is reasonable, allowable, and allocable; consider how the public would view the expense if reported by the media.
- Accept accountability for all authorized requests.

Accounts Payable Representatives

- Investigate transactions that do not appear to be reasonable. Process transactions for payment.

Internal Audit

- Conduct ongoing reviews of all university expenditures to maintain compliance with internal policies and external requirements.

Contact Information

Office	Contact	Phone	Email
State	Angie Rzeszut	716-645-4533	rzeszut@buffalo.edu
RF Non-Sponsored	Brendan Davis	716-645-2602	brdavis2@buffalo.edu
Sponsored Projects Services	Mary Kraft	716-645-4420	mekraft@buffalo.edu
UB Foundation	Rose Dommer	716-645-8749	rdommer@buffalo.edu

Related Information**University Links:**

Allowable Use of Funds Chart:

<http://www.buffalo.edu/administrative-services/policy1/ub-policy-lib/allowable-use-funds/allowable-use-funds-chart.html>

Approval Authority Policy: <http://www.buffalo.edu/administrative-services/policy1/ub-policy-lib/approval-authority.html>

Managing Procurement <http://www.buffalo.edu/administrative-services/managing-procurement.html>

Procurement Card (P-Card) Program <http://www.buffalo.edu/administrative-services/managing-procurement/pcard0.html>

Procedures for Non-Sponsored Research Foundation (RF) Accounts <http://www.buffalo.edu/administrative-services/managing-money/rf-funds/manage-rf-non-sponsored-funds.html>

UB Financial Guidelines and Policies

<http://www.buffalo.edu/administrative-services/managing-money/finance-guidelines-policies.html>

Raffle Policy for University Fundraising Efforts <http://www.buffalo.edu/administrative-services/policy1/ub-policy-lib/raffle.html>

Forms:

RAP (Reimbursement/Advance Payment) Form:

<http://www.buffalo.edu/administrative-services/business-travel/travel-expense-reimbursement-system.html>

UBF Disbursement Request Form:

<http://www.buffalo.edu/administrative-services/forms-catalog/ubf-forms/disbursement-ubf.html>

Related Links:

IRS Request for Taxpayer Identification Number and Certification (W-9)

<https://www.irs.gov/pub/irs-pdf/fw9.pdf>

IRS Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals) (W-8BEN)

<https://www.irs.gov/pub/irs-pdf/fw8ben.pdf>

IRS Certain Gambling Winnings (Form W-2G)

https://www.irs.gov/pub/irs-pdf/fw2g_17.pdf

SUNY Extra Service for Professional Staff Policy (Document 8800)

https://www.suny.edu/sunypp/documents.cfm?doc_id=419

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Gifts Prizes and Awards-Funding Source Allowability

Recipient	Gift, Prize or Award	Details	Taxable?	Form Required	Funding Source by Expense			
					State Funds	UBF Funds	RF Non-Sponsored	RF Sponsored (1)
Employee Prizes, gifts or awards to employees must be tangible items of de minimis value and funded via UBF.	Employee Recognition Award	Must be a tangible (preferably UB branded) item presented to an employee in recognition of his or her noteworthy work-related accomplishment. The award must be: occasional (not more than annually); must be presented in a basis that does not discriminate in favor of highly compensated employees and must be of a reasonable amount.	No (6)	N/A	N	Y (7)	N	N
	Gift in recognition of a university faculty, staff at retirement or upon leaving a unit.	Must be a tangible (preferably UB branded) item. A suggested guideline is \$10 for every year of service or a reasonable amount based on the employee's position at the university. Must not discriminate in favor of highly compensated employees. The maximum value allowable is \$400.	No (6)	N/A	N	Y	N	N
	Flowers or equivalent in conditional circumstances and in a reasonable amount and purpose.	Must support our commitment to providing a great place to work and creating a culture of fairness and respect to all employees.	No (6)	N/A	N	Y	N	N
	Employee Incentives	Tangible property gifted to encourage employee participation in an event. Participation of the specific employee based on that individuals subject matter expertise or experience. The use of UB brand items is encouraged. Value must be de minimis.	No (6)	N/A	N	Y	N	N
Employee & Non-Employee	Promotional Items (de minimis value)	Tangible promotional items must contain the UB logo and be distributed in a manner that supports the recipients relationship with the university.	No	N/A	Y	Y	Y	(3)

Gifts Prizes and Awards-Funding Source Allowability

Recipient	Gift, Prize or Award	Details	Taxable?	Form Required	Funding Source by Expense			
					State Funds	UBF Funds	RF Non-Sponsored	RF Sponsored (1)
Non-Employee including but not limited to students, donors, alumni and volunteers(4)	Appreciation or Recognition of a students noteworthy achievement or contribution to the university.	Tangible items such as, but not limited to, UB logo items, plaques, books, portfolios or other items of similar value.	Yes- if value is \$100 or greater	W9 or W8 for non-resident alien and Taxable Income Reporting Form	Y	Y	Y	(3)
	Cash equivalent or noncash prize for participation in games of chance. Games of chance include raffles and door prize events. Raffles and games of chance must be pre-approved by UBF. Must comply with all New York State Gaming laws.	Prizes may only be awarded where benefits are expected to accrue to the University, such as a fund raising event. No prize may be awarded to an employee except where the individual's employment is incidental to the basis in which the prize is awarded.	Yes	W2-G and Taxable Income Reporting Form	N	Y	N	N
	As an expression of gratitude to a donor for their contribution to the university.	Must be a tangible item with the value proportionately tied to donor generosity. The value of each gift is limited to \$200 and no donor may receive more than 2 gifts per year.	No	N/A	N	Y	Y	(3)
	As recognition to members of governing boards, volunteers and speakers	Must not exceed a reasonable hourly rate for services provided by volunteers or speakers and based on the caliber of the individual and the content/complexity of the service.	Yes- if value is \$100 or greater	W9 or W8 for non-resident alien and Taxable Income Reporting Form	N	Y (2)	Y	(3)

Gifts Prizes and Awards-Funding Source Allowability

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					State Funds	UBF Funds	RF Non-Sponsored	RF Sponsored (1)
Non-Employee including but not limited to students, donors, alumni and volunteers(4)	Gifts as incentive to individuals (not human subjects) for their participation in surveys, volunteering, or other university programs.	The participation must have a clear business purpose and support the mission of the university. Efforts should be made to provided UB brand, tangible items. When such items are not sufficient incentive, cash equivalents are restricted to campus cash or a gift card.	Yes- if value is \$100 or greater	W9 or W8 for non-resident alien and Taxable Income Reporting Form	Y(5)	Y	Y	(3)
	As consideration to students for services provided to the university either through volunteer work or requested university programing.	The students contribution must directly support the mission of the university and be tied to a university initiative. When possible, tangible items should be given, cash equivalents are restricted to Campus Cash.	Yes- if value is \$100 or greater	W9 or W8 for non-resident alien and Taxable Income Reporting Form	Y(5)	Y	Y	(3)

- (1) All expenses funded via the RF Sponsored account must be approved according project sponsorship parameters.
- (2) Documentation to support the reasonableness of cost must be provided with reimbursement request.
- (3) Varies based on the terms of the award. Contact Sponsored Projects Services staff.
- (4) Awards and gifts (cash & non-cash) must be totaled annually and reported to the IRS if the total exceeds \$600 (US Citizen) or any amount for non resident aliens.
- (5) State funds for these instances must be supported by corresponding fee income where the prize/gift/award is a component of the budget and is provided to a student.
- (6) Gifts, prizes and awards to employees must be of a De Minimis value and are therefore not taxable.
- (7) Cash awards may be provided to comply with donor intent of endowment or gift funds. Such awards are considered taxable compenstation and will be reported on a UBF W2.