



Policy: Awards, Prizes and Gifts

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Financial Affairs Department
Payroll Policies and Procedures

Approved: February 12, 2004

Policy

This policy establishes the criteria for issuing an award, prize, or gift to an employee of Villanova University. Its intent is to ensure that awards, prizes, and gifts are properly accounted for and any required taxes are recorded and withheld. Under **Federal Tax Laws**, these type of items provided by an employer are generally considered taxable wages and subject to appropriate income taxes, with limited exceptions, as described below.

Any award, prize, or gift issued, to an employee, for improvement suggestions, attendance achievement, or any other work related achievement, or in lieu of wages are subject to withholding, since it is made in connection with and as a result of an employment relationship. Student academic awards, not connected with their employment, should be submitted to the Procurement Department.

Procedure

A. Cash:

1. ***Any cash award, prize, or gift is taxable*** and must be paid through Payroll Services.
2. Cash awards, prizes, and gifts must be submitted, to Payroll Services, using the Supplemental Payment Authorization Form. The payment will be added to the employee's next regularly scheduled paycheck. This form is available from the Payroll Office or on-line at www.payroll.villanova.edu.
3. Gift Certificates, Gift Cards, Money Orders, Checks, and Deposits to WildCard Accounts or Points are taxable at any amount. See below regarding the Non-Cash Award, Prize, Gift Form.
4. Separate paychecks will not be issued. The award, prize, or gift will appear on the employee's pay stub as a distinct line item.
5. If you are making a special presentation of the award, prize, or gift, you should notify Payroll Services as to the date of the presentation and we will make every effort to coordinate the payment to appear in their next check following the presentation date. It is suggested that you utilize a letter or certificate in lieu of the check for the presentation.

B. Non-Cash:

1. Occasional gifts of merchandise (e.g., turkeys, flowers, sporting tickets, University Shop items and apparel) that are of nominal value are not taxable and need not be reported to Payroll Services.

2. Items of more than a nominal value are taxable and must be reported to Payroll Services prior to issuance.
3. Deposits to WildCard Accounts, Money Orders, Checks, Gift Cards, and Gift Certificates are taxable at any amount.
4. The Non-Cash Award, Prize, Gift Form must be completed, and sent to Payroll Services, prior to the issuance of the gift. This form is available at www.payroll.villanova.edu. The value of the gift will be added to the employee's taxable wages, and all applicable taxes will be withheld. It is the responsibility of the department issuing the award, prize, or gift to notify the employee of the possible tax implication.

C. Length of Service or Safety Awards:

A length of service or safety achievement award may generally be excluded from federal wages if:

- a. It is in the form of tangible personal property (not cash).
- b. It is given as part of a meaningful presentation
- c. It does not exceed a value of \$1,600 per employee per year.
- d. Length of Service awards must be for at least 5 years of service and cannot be received more often than once every 5 years. These awards are distributed by Human Resources.

Please contact Payroll Services if you have any questions regarding this policy.