

Occidental College Prize, Gifts, and Awards Policy

I. POLICY STATEMENT.

Occidental College is committed to compliance in all areas of its operation and complies with all IRS regulations concerning the giving of prizes and awards/gifts to faculty, staff, and students of the College. The policy and practices set forth below are meant to ensure that community members can find meaningful ways to recognize our students and employees, while also complying with the IRS regulations. This policy (1) clarifies the taxable status of prizes, gifts, and awards to College employees and students and (2) specifies whether College funds may be used to purchase prizes, gifts, and awards.

II. APPLICABILITY.

This Policy applies to the purchase of prizes, gifts, and awards for employees (faculty, staff, administrators) and students. This Policy does not apply to scholarships, which are administered by the Financial Aid Office.

III. DEFINITIONS.

Award/gift - An award/gift is something of value given to recognize a term of service, safety record, exceptional performance, special achievement, etc. Awards/gifts to students are taxable unless they qualify as scholarships and are directly applied toward tuition, required fees, books, and/or equipment. Student recognition by College departments for academic achievement is considered a prize (see below).

Cash equivalent award/gift - A cash equivalent award/gift is any item which can be used to "purchase" merchandise or which can be easily converted to cash. Under IRS code, this includes cash, gift cards, and gift certificates. **Gift cards and gift certificates are not permitted and therefore will not be reimbursed if you purchase them.** For gift card payments to human research subjects, please refer to the Human Research Subjects Policy.

A certificate that allows an employee to receive a specific item of personal property that is minimal in value (e.g. a certificate for a holiday turkey or ham), provided infrequently, and is administratively impractical to account for, may be excludable as a *de minimis* benefit, depending on facts and circumstances.

***De minimis* benefit** - A *de minimis* benefit is any property or service provided to an employee that has so little value that accounting for it would be unreasonable or administratively impractical. Under IRS code, cash and cash equivalent fringe benefits (i.e. gift cards/certificates), no matter how small, are never excludable as a *de minimis* benefit.

Incidental Expenses – Incidental expenses are expenses such as room, board, travel, research, equipment, or supplies that are not required for either enrollment or attendance at an educational institution but are incidental to an independent educational opportunity.

Prize - A prize recognizes performance as part of a judged competition (e.g. best design, highest score, academic achievement, etc.), or winnings from a raffle or drawing. Prizes are taxable, but are not considered wages – even if the individual is employed by the College. Student recognition by College departments for academic achievement is considered a prize by the IRS.

Purchased with College funds - Purchased with College funds means purchases processed through Accounts Payable, Oxy Visa, reimbursed to an employee, and/or purchased with petty cash.

Tangible award/gift - A tangible award/gift is any non-cash item, such as flowers; books; trophies or plaques; apparel such as OXY-branded merchandise; and movie tickets.

Taxable period - The taxable period is the calendar year i.e. January 1 through December 31.

IV. POLICY.

A. Tax

Awards/gifts to employees
with more than 5 years of
service

**Non-taxable up to \$500 in
value**

Prizes are always taxable, regardless of amount and regardless of whether the recipient is an employee. Prizes with an accumulated value in excess of \$600 in a given year, will be reported to the IRS at year-end via Form 1099-Misc. Awards/Gifts to students in excess of tuition, fees, books, and equipment are taxable, regardless of whether the student is also an employee.

Are the flowers I sent to celebrate an employee's new baby taxable to the recipient?

Technically yes, but if the flowers (or other tangible award/gift) are valued at less than \$100, they are considered *de minimis* and are neither taxable nor reportable to the IRS.

What if I have other questions?

If you have any questions please contact Lupe Salmeron, Controller, lsalmeron@oxy.edu or at x1423.

V. POLICY HISTORY.

Responsible Officer(s): Controller

Effective Date: [unknown]

Last Revised Date: November 2023

VI. RELATED POLICIES AND RESOURCES.

[Employee Taxable Prize and Award/Gift Form](#)

[Expense Reimbursement Policy](#)

[IRS website](#)

[Non-Employee Taxable Prize and Award/Gift Form](#)

[Payment Processing Guidelines](#)

[Taxes FAQ](#)