 <b>NORTHEAST OHIO MEDICAL UNIVERSITY</b>	Policy No: 3349-OP-211
POLICY TITLE: Awards, Gift/Gift Card and Prize Policy	EFFECTIVE DATE: July 1, 2022
RESPONSIBLE DEPARTMENT: Accounting	All Employees and Students

**(A) PURPOSE**

The purpose of this policy is to establish standards for issuing achievement awards, gifts, gift cards/certificates, and prizes to ensure compliance with the University’s tax withholding and reporting obligations. The Internal Revenue Service (IRS) classifies awards, gifts, gift cards and prizes as taxable income to the recipient with few exceptions. Thus, distribution of these items presents substantial risk and audit exposure for the University and recipient. Duty of care must be applied. Additionally, processes to report taxable income, at times, can be complex tasks that must be completed by departments.


**(B) SCOPE**

This Policy applies to achievement awards, gifts, gift cards/certificates, and prizes given in the course of University business to employees, students and volunteers. In the absence of more restrictive IRS or Ohio Ethics guidelines, this policy will apply.


**(C) BODY OF POLICY**

(1) Types of Recognition

- (a) “Achievement Award” refers to an award that is given in recognition of excellence or length of service as part of a university sanctioned or documented program.
- (b) “Contribution” refers to donations, financial assistance, sponsorship or gifts to any group, fund, or collection.
- (c) “Gift” refers to a non-cash item given in the course of the University’s business.
- (d) “Gift Card/Certificate” refers to a prepaid stored-value physical card, check, certificate, or digital code that is redeemable at a store or place of business.
- (e) “Prize” refers to any item, cash or cash equivalent that is awarded for participation in activities that benefit the University.

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- (2) Achievement Awards are permitted as part of a documented program developed, communicated, and implemented by Human Resources or the Office of the President.
- (3) Gifts are permitted when funded and approved through the Foundation; University funds may not be used for gifts. These gifts may be taxable to the recipient in accordance with the Internal Revenue Code. An exception applies when the gift is given for conducting activities that benefit the University and it is de minimis in value. According to the IRS de minimis means “any property or service the value of which is (after taking into account the frequency with which similar fringes are provided the employer to the employer’s employee) so small as to make accounting for it unreasonable or administratively impracticable.”
- (4) Gift Cards and Gift Certificates
  - (a) Gift Cards and Gift Certificates are acceptable to be used in appreciation for conducting activities that benefit the University. Current tax information must be on file for all recipients.
    - (i) The value will be reported on the employee’s W2, the qualified non-employee’s 1099, or 1042-S tax form, whichever is applicable, in compliance with IRS reporting requirements.
  - (b) Gift Card and Gift Certificates are prohibited from being issued to a business/organization in lieu of payments for goods or services.
  - (c) The Institutional Review Board (IRB) will determine the allowability and appropriate limits of gift cards for all approved human subject research studies.
    - (i) Tax information for any participant in IRB approved, anonymous research who receives cash or a cash equivalent as compensation, will be maintained by the Primary Investigator unless disclosure of the information to the Office of Accounting and Budget is required as outlined by IRS tax regulations.

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(5) Prizes

Prizes are permitted to be issued to employees or students when done as part of an organized program that benefits the University, its students and/or employees. The cash or fair market value of prizes is included as taxable income, and the value will be reported on the student’s 1099 tax form or the employee’s W-2. An example of an acceptable prize is a prize awarded by Human Resources as part of the University Wellness Program.

(6) Contributions

Contributions to charitable or other non-profit organizations, student organizations, or Foundation accounts using University funds are not permitted unless approved by the President’s Office.