

## LIBRARIES' GIFT CARD INSTRUCTIONS

University policy prohibits gifts to employees. University policy allows departments to give awards or prizes to individuals in conjunction with official functions. If the award/prize is cash (gift cards, shopping cards, and gift certificates are considered the same as cash), the award/prize is taxable to appointed or hourly university employees and may affect financial aid for students. If we decide to purchase a gift card (e.g., for a contest or door prize) we cannot know in advance whether a student may or may not be an employee. Therefore, to ensure compliance with tax laws:

### INSTRUCTIONS FOR ACCOUNTING TECH:

1. Gift card must be purchased with a Requisition/Purchase Order in BASIS using an 0392 ... cost center number. Include description of the event, dates, and who is eligible for the award.
2. For additional information, select Gift Cards topic at <http://procurement.uark.edu/650.php>
3. As soon as the prize has been awarded, submit the signed, completed Gift/Prize Award Receipt Form [see attached] to your buyer. If necessary, remind the event planner that this form **MUST** be turned in immediately.

### INSTRUCTIONS FOR EVENT MANAGER:

1. Gift card must be purchased with a Requisition/Purchase Order in BASIS. All information regarding the event should be given to the Library Accounting Tech.
2. In order to claim the award, the recipient[s] **MUST** sign and complete a Gift/Prize Award Receipt Form [see attached]. Take this signed form to the Library Accounting Tech to transmit to the University Business Office.
3. Taxes and/or financial aid impact:
  - a. If recipient is a UA employee, the additional taxes will be withheld from their next paycheck.
  - b. If recipient is receiving financial aid, their 'package' may be adjusted.
  - c. Otherwise, the information will be held until the end of the calendar year to determine whether the maximum payments allowed without IRS reporting has been exceeded. If not, nothing further is done with the information. If so, the award is reported to the IRS as taxable income.