



<b>Campus Gift Card Procedure</b>		<b>No.:</b>	giftcard2022.04.01
		<b>Effective:</b>	04/01/2022
<b>Written by:</b> Garren Fisher	<b>Reviewed:</b>	<b>Approved:</b>	Susan Koch
<b>Revised By:</b>	<b>Revision On:</b>	<b>Approved:</b>	

**POLICY**

Gift cards are considered cash equivalent by both CSU Policy and the United State Internal Revenue Code (US IRC). “Cash and cash equivalent items, such as gift cards and gift certificates, no matter how small, are always taxable to the employee as wages.” See [CSU Hospitality Policy](#)

**PROCEDURE**

The University may conduct academic research where participation and/or information collections from participants is necessary. Academic researchers frequently find it necessary to offer incentives in order to obtain sufficient participation. Gift cards are used within established guidelines to facilitate making payments to participants in research studies. **These incentives are subject to US tax law and IRS regulations**, and there are specific rules that must be followed in order for the University to remain in compliance. Gift card distribution may only be used for University academic research participant payments and cannot be used to pay trade suppliers for goods and/or services received and/or rendered or pay any type of wages for services rendered.

*Temporary Exception [COVID-19]: The only exception for the use of gift cards for non-academic-research-related distribution of gift cards is for students who qualify under the Basic Needs Initiative Program due to COVID-19's impact on the students' housing and accessibility to the campus, whereby the on-campus food pantry was closed. Gift cards may be used, subject to basic needs guidelines and regulations, for purchase of groceries only. All related approval and documentation steps outlined below still apply. Upon reopening of the on-campus food pantry, this exception ceases to be applicable.*

**Requesting Authorization to Purchase Gift Cards:**

Departments must first acquire explicit authorization from the Director of Accounting to purchase gift cards and provide the purpose of the purchase on a case-by-case basis. The Accounting Department must review that the purchase request is appropriate prior to acquiring gift cards because the purchase of gift cards is restricted and permitted only under specific circumstances described above.

**Requirements for Maintaining Records and Distributing Academic Research Incentive Payments Of Cash and Cash Equivalents (e.g. Gift Cards)**

The Principal Investigator, or their designee(s), is required to appropriately safeguard, account for, and document all gift cards. Gift cards are cash equivalent and must be handled accordingly by ensuring adequate controls are in place to safeguard, store, and otherwise prevent loss; an example of such controls includes keeping gift cards locked away where key is under control with access limited to authorized personnel only. Until disbursed, cards shall be maintained in a secure, locked device, or some other location approved by the University Accounting Department for storage.



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**Means of Purchasing Gift Cards:**

- Check, if vendor will accept
- Personal Reimbursement
- ProCards (Note: Approval from Business Support Services is required prior to purchasing. This approval is separate from the Director of Accounting approval for gift card acquisition)

**Tax Implications - Awards and Gifts are Reportable As Income:**

If a **CSUMB employee** is awarded any cash, any cash equivalent, or a non-cash item deemed not to be de minimis in value, the Accounting Department shall notify CSUMB Payroll of the award, which will be reported on employee's W-2 as income. Additionally, amounts awarded are subject to associated income tax withholding on the employee's paycheck.

If a **non-employee of CSUMB** is awarded and their certification states that they will *not* be receiving \$600 or more in a calendar year from the University from all income sources - not just from participation in the research study - the box that indicates that would be marked.

If the person will be receiving \$600 or more per calendar year, then the Department disbursing gift cards must complete the recipients vendor setup in PaymentWorks with the help of Business and Support Services (Procurement) to ensure required tax reporting via 1099-NEC.

See example certification on the following page.



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### Cash, Cash Equivalent, and/or Gift Card Certification

I, \_\_\_\_\_ (print full name), participated in a CSUMB academic research in return for an award. I understand that under IRC Section 132 (a)(3), 3121(a), 6041 and 1.132-6 (c) and Technical Advice Memorandum 200437030 requires CSUMB to report payments of \$600 or more per calendar year to me in fixed or determinable income to the Internal Revenue Service (IRS) for non-employees of CSUMB recipients. This includes awards. All such awards are reportable and taxable to CSUMB Employees.

Award's Details	
Gift Card Vendor:	
Gift Card Quantity:	
Amount Per Gift Card:	

I am a CSUMB employee. I understand that awards are subject to taxable income reporting and withholding from my paycheck.

I am not a CSUMB employee, and:

I will NOT be receiving \$600 or more per calendar year of income from CSUMB.

I will be receiving \$600 or more per calendar year of income from CSUMB (see below).

*If you checked this box then you MUST complete CSUMB Vendor Setup through PaymentWorks to receive this award. You will receive an annual 1099-NEC form that reflects what is reported electronically to the IRS.*

\_\_\_\_\_  
Signature of Awardee

\_\_\_\_\_  
Email Address

\_\_\_\_\_  
Date

If you have any questions in regards to your 1099-NEC please contact [accounts\\_payable@csumb.edu](mailto:accounts_payable@csumb.edu)

The original certification shall be kept by the Department and used to populate the Payment Distribution Log shown below.



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**Accountability:**

When a gift card is purchased, the purchaser must obtain an original receipt as proof of how many cards were purchased showing the dollar amount of each card.

The gift cards obtained shall be logged on the Distribution Log (equal the amount of the purchase). See example below. The format of the log may be modified by the Department; however, it should contain the data elements shown in the example. As incentives are distributed, the Distribution Log fields below are populated accordingly.

CSUMB Incentive Payment Distribution Log						
Gift Card Serial Number	Gift Card Amount	Print Full Name of Recipient	Employee or Student ?	Recipient Email Address	Date of Award	Print Name of person who distributed the Gift Card

**Note:** To mitigate fraud, the serial number of a gift card doesn't need to be disclosed in full. Rather, it is recommended to show the last 4 digits of the serial number to assist in specific identification. The original log is kept with the Department. A copy of the log shall be sent to University Accounting Department to attach to the payment packet for the gift cards as proof of distribution. If not all of gift cards are distributed, then the undistributed cards need to be safeguarded as mentioned above. Periodically they will be audited by University Accounting Department.

**Auditing:**

Gift cards purchased with University funds shall be audited by the University Accounting Department to determine that the number of gift cards purchased, distribution records, and remaining inventory on hand, are all adequately accounted for.

<b>Audit Worksheet:</b>	
Gift Cards Purchased (per sales receipt(s))	Quantity ___ X Amount of the Gift Card =
\$ _____	
<b>Less</b> Gift Cards Distributed per Incentive Payment Distribution Log	Quantity ___ X Amount of the Gift Card =
\$ _____	
Total Inventory on hand per Incentive Payment Distribution Log	Quantity ___ X Amount of the Gift Card =
\$ _____	
Total Inventory on hand (Physical Count)	Quantity ___ X Amount of the Gift Card =
\$ _____	
<b>Discrepancies need to be explained</b>	






# CSUMB Gift Card Procedure - giftcard2022.04.01

Final Audit Report

2022-03-02

Created:	2022-03-01
By:	Garren Fisher (gfisher@csumb.edu)
Status:	Signed
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