Employee Awards/Gifts/Prizes

FMOG

FAR Meeting
January 30, 2018

Presenter – Sheri Hardison, AVP Financial Affairs & Controller
Introduction

Awards given by UTSA, including:
  • Gifts, recognition awards, prizes

New Financial Management Operational Guideline (FMOG) coming:
  • Common situations and questions
  • Codify requirements

Define appropriate awards and funding sources

Tax considerations
Appropriate awards

Must serve UTSA business purposes:
- Recognition
- Farewell / length of service / retirement after 5 years
- Safety achievement
- Nominal prizes (*de minimis*)

Inappropriate for UTSA funds:
- Birthdays
- Showers (baby, bridal, etc.)
- Holidays and anniversaries
Funding sources

Allowed:
- Official Occasions
- Official University Employee Awards (budgeted in relevant departments)
- Auxiliary Enterprise
- Gift funds, if conditions allow
- Grant funds, if specifically allowed (rare)

Disallowed:
- Educational and General funds
- Designated tuition
- Any state funds
Tax considerations

IRS:

• Awards are taxable to employees, unless a specific exemption applies

• The rules also apply if an outside party provides an award on behalf of UTSA

  Example: A sponsor donates the prize or money for a UTSA staff performance recognition program
Tax considerations

**Always taxable**

- Cash and cash equivalents
- Performance recognition (unless *de minimis*)
- Prizes drawn at UTSA events (unless *de minimis*)
- Employee share of tax paid by UTSA
Tax considerations

**Non-taxable**

- *De minimis*: Not cash or equivalent; infrequent; value less than $100
  
  Example: Plaques, coffee mugs, sports event (not season) tickets

- No-additional-cost services, if given to a range of employees (not just executives)
  
  Example: Ticket to sports event that did not sell out

- Discounts, if given to a range of employees
  - Services: Up to 20%
  - Merchandise: Up to prior year gross profit %
Tax considerations

Non-taxable

• *Employee Achievement Awards* for **length of service** or **safety** if:
  • Tangible property (not: cash or equivalent, sports tickets, meals or lodging)
  • Part of a meaningful presentation
  • Within IRS-specified annual per-employee limits
  • **Length of service**: After 5 years of employment
  • **Safety**: Recipients are not administrative / professional; presented to 10% or less of employees
Approval and recording

- BEF Form will be modified and used
- Approval levels still in discussion
- Employees cannot approve own requests
- Attach documentation
- If multiple awards: list on a log
# Key responsibilities

| Supervisors / Department Managers | Ensure awards are appropriate  
Ensure funding source is allowed and available  
Maintain records and submit approved forms  
Communicate to employees taxation possibility |
|---|---|
| Payroll | Determine taxability  
Notify departments of taxability  
Ensure appropriate authorization  
Process cash awards (Additional Pay in eforms) |
| Disbursement and Travel Services (DTS) | Ensure appropriate authorization  
Purchase non-cash awards  
Process reimbursements |
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