



# Employee Awards/Gifts/Prizes FMOG

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FAR Meeting  
January 30, 2018

*Presenter – Sheri Hardison, AVP Financial Affairs & Controller*

**UTSA**. Financial Affairs

# 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

<b>Supervisors Department Managers</b>	<ul style="list-style-type: none"><li>Ensure awards are appropriate</li><li>Ensure funding source is allowed and available</li><li>Maintain records and submit approved forms</li><li>Communicate to employees taxation possibility</li></ul>
<b>Payroll</b>	<ul style="list-style-type: none"><li>Determine taxability</li><li>Notify departments of taxability</li><li>Ensure appropriate authorization</li><li>Process cash awards (Additional Pay in eforms)</li></ul>
<b>Disbursement and Travel Services (DTS)</b>	<ul style="list-style-type: none"><li>Ensure appropriate authorization</li><li>Purchase non-cash awards</li><li>Process reimbursements</li></ul>

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