

**Rocky Mountain College
Gifts and Awards
November 2011**

Per IRS regulations, any prize, gift or award results in taxable income to the recipient.

This relates to all gifts, prizes and awards of cash, gift certificates or gift cards purchased with Rocky Mountain College funds.

Gifts or Awards to Faculty or Staff

Complete an HRAR (Human Resources Action Request Form) available from Human Resources.

Gifts or Awards to Students

Get a W-9 from the student, and submit with a requisition, check request or expense report. The W-9 Form is available via a link on the Business Office web page.

Gift or Award to a Foreign Student

Treatment depends on the specific situation. Please call Kathy McKibbin in the Business Office (x1063), or Amber West Martin in International Studies (x1107) to find out what is needed.

Awards, Prizes and Bonuses

Any form of cash, gift certificate or gift card is taxable income. Please have a student recipient fill out a W-9 form, and attach it to a blue check request form (available in the Business Office). Please prepare an HRAR for a faculty or staff member recipients.

FAQ's

Is this policy really necessary?

Unfortunately, yes. The rules we've adopted comply with prevailing IRS tax code. They apply universally to all employers – not just Rocky Mountain College, not just colleges and universities.

Can I use donated gift cards to recognize employees?

Yes! Only gift cards/certificates purchased with College funds are taxable to the recipient. "Purchased with College funds" means purchases processed through Accounts Payable, purchases via Rocky Mountain College MasterCard, purchases reimbursed to a faculty or staff member, and purchases paid by petty cash. If a vendor gives you a gift card free of charge, you may award it to an employee without worrying about taxation.

What if I purchase gift cards personally?

Gift cards you purchase using personal funds are not taxable to the recipient because you are not the employer. However, you may not request reimbursement for the purchase. If

Rocky Mountain College reimburses you, the College has then purchased the gift cards and they become taxable income to the employee recipients.

Does this policy apply to non-employees?

Prizes are always taxable, regardless of amount and regardless of whether the recipient is an employee. Prizes with an accumulated value in excess of \$600 in a given year, will be reported to the IRS at year-end via Form 1099-MISC.

Awards/Gifts to students in excess of tuition, fees, books, and equipment are taxable, regardless of whether the recipient is an employee.

What if I have further questions?

Please refer to the Hospitality Policy on Rocky Mountain College's Policies and Procedures web page for more information. If this does not answer your question, please contact the Business Office.