



Gift Card Guidelines and Procedures

Revised 12/10/2024

Table of Contents

- 1. Scope.....3
- 2. Overview3
- 3. Recipients of The Gift Cards/Cash Equivalents3
- 4. Statements4
- 5. Allowable and Non-Allowable Gift Cards/Cash Equivalents.....5
- 6. Maintaining and Distributing Gift Cards5
- 7. Gift Card Tracking6
- 8. Gift Card Purchases6
- 9. Gift Card/Cash Equivalents Examples6
- 10. Resources6

1. SCOPE

The use of gift cards must comply with the mission of CSUSM and adhere to all policies and procedures. The following are guidelines and procedures for purchasing and distributing all cash equivalents using University and Foundation funds.

Note: All business units follow the same fundamentals of the Gift Card and Gift Certificates Procedures, though the dollar amounts, and gift logs may differ per business unit. Please see the links below for Corporation and Foundations Gift Card and Gift Certificates Procedures:

- For **Corporation**-funded purchases, please refer to the [CSUSM Corporation Gift Card Purchasing Procedures](#).
- For **Foundation**-funded purchases, please refer to [The Foundation Gift Card and Gift Certificates Procedures](#).

2. OVERVIEW

The purchase of cash equivalents must comply with Internal Revenue Service (IRS) regulations as it pertains to gift cards at all times. Under Internal Revenue Code Section 132, a gift card, gift certificate, store-value card, or a prepaid credit card, collectively referred to as a gift card, is considered a cash or cash equivalent that is subject to taxes regardless of the face value.

When the use of gifts cards/cash equivalent is necessary, the guidelines and procedures outlined below must be adhered to at all times.

3. RECIPIENTS OF THE GIFT CARDS/CASH EQUIVALENTS

Employees and Student Assistants

Gift cards/cash equivalents issued to employees, including student assistants, are subject to taxation regardless of the dollar amount.

- The additional tax will be deducted from the employee's paycheck when the gift card/cash equivalent is issued.
- It is the responsibility of the issuing department to provide the employee with the [Gift Card Acknowledgement Form](#) and also provide the completed form to Accounts Payable when a gift card/cash equivalent is issued to an employee.
- All gift cards to employees are taxable as wages.

Students (Non-Student Assistants) and Non-Employees

The value of gift cards/cash equivalents given to students and non-employees is taxable and reportable income on IRS form 1099-MISC.

- The University has established a de minimis of \$100 for student gift cards.
 - ✓ *This means that a gift card provided to a student for \$100 or less will no longer be required to be reported to Financial Aid.*
- A student may only receive one gift card per event/award.
- If the cumulative value of gift cards for a student reaches \$600 in a calendar year, it is taxable and reportable on IRS form 1099-MISC.

Nonresident Aliens

Please note: Prizes and Awards to nonresident aliens are generally subject to 30% withholding and reported to the IRS.

Please contact Fiscal Services accounting@mailhost1.csusm.edu before processing cash or noncash Awards, Gifts, and Prizes to persons who are not U.S. citizens or legal permanent residents.

4. STATEMENTS

The use of gift cards/cash equivalents should only be considered when no other option is viable, should be infrequent, and conservative in value.

- Gift cards are subject to the [Hospitality Policy and Guidelines](#) or the Basic Needs Program Procedures housed within the Cougar Care Network. No other campus program may distribute gift cards for basic needs.
- Please see the [Payments to Students Guidelines & Procedures](#) for determination of student payment activity.
- It is preferred for departments to purchase gift cards/cash equivalents from CSUSM Corporation partners (ex. Follett and Sodexo). Visit <https://www.csusm.edu/corp/commservices/index.html> for a complete list of partners.
- Individual gift cards/cash equivalents must have a value of \$100 or less. Individual gift cards/cash equivalents may not exceed \$100 without prior approval from the University Controller's office.

5. ALLOWABLE AND NON-ALLOWABLE GIFT CARDS/CASH EQUIVALENTS

Gift cards MAY be purchased under the following circumstances:

- To pay for awards and prizes to employees for exceptional contributions and to students for excellence, and individuals to participate in a research-funded survey or study.
- Gift cards/cash equivalent may be purchased for approved research study participants (i.e., survey participants)

Gift cards may **NOT** be purchased for the following circumstances:

- Holiday or other gifts to employees or students
- To pay suppliers and consultants for goods and/or services received
- Gifts for graduating students
- Student assistants may not be given gift cards for work-related activities (e.g. bonuses, incentives, rewards, etc.)
- Payments to volunteers

6. MAINTAINING AND DISTRIBUTING GIFT CARDS

Gift cards/cash equivalents should only be purchased as needed and be secured at all times (i.e., in a safe, locked cabinet, locked drawer, or other secure location) until distributed. The department will be responsible for the cost of any missing or unused cards. Gift cards/cash equivalents must be distributed within thirty (30) days of purchase.

Gift card/cash equivalent issuances must be documented in the Gift Card Issuance Log that must uniquely identify each payment in order to document the appropriate use of the card for audit purposes. Information to be included for each card is as follows and must be submitted within 30 days after the purchase of the Gift Card:

- Recipient Name
 - ✓ For an employee include the employee ID
 - ✓ For a student, include their student ID number or the study subject ID number (the study subject ID is any number assigned by the school or department to identify the individual in order to protect confidentiality)
- Signature or initials of receipt (an email acknowledging receipt may suffice if gift card was delivered electronically)
- Date the gift card was issued
- Purpose of the Gift Card purchase
- Payment amount
- Type of Gift Card
- Gift Card Number

7. GIFT CARD TRACKING

It is the responsibility of the issuing department to track Gift Card/cash equivalent issuance per recipient.

In the event a cumulative total of \$600 or more in Gift Cards/cash equivalent has been issued in a calendar year to an individual (non-employee), the department is to provide a completed Payee Data Record of the recipient, and the total dollar amount issued to the Accounts Payable Manager. The dollar amount issued will be reported on a 1099-MISC or 1042 (for non-residents) to the recipient.

Gift Cards/cash equivalents issued to employees (including student assistants) are subject to taxation regardless of dollar amount. The additional tax will be deducted from the employee's paycheck when the gift card/cash equivalent is issued. It is the responsibility of the issuing department to notify Accounts Payable when a Gift Card/cash equivalent is issued to an employee.

8. GIFT CARD PURCHASES

Gift Card purchases should be made via ProCard. The ProCard reconciliation must include:

- Purchase receipt
- Gift Card log
- Completed and approved Hospitality Form
- Event/flyer for the purpose of the purchase
- Gift Card employee acknowledgment form (if applicable)

9. GIFT CARD/CASH EQUIVALENTS EXAMPLES

- Anywhere/anytime cash such as Visa, MC, American Express or money-orders
- Store gift certificates or cards that are redeemable for a large variety of commodities, such as national discount chains or grocery store gift cards.
- Gift cards or gift certificates to restaurants
- Gift cards to the CSUSM University Bookstore
- Virtual gift cards such as Amazon

Failure to follow the policies and procedures as stated above and to maintain appropriate supporting documentation can result in the suspension of the privilege to purchase and distribute gift cards.

Please Note: Rare exceptions to policy must be evaluated and approved by VP FAS

10. RESOURCES

- [California State University Hospitality Policy](#)
- [CSUSM Corporation Hospitality Policy](#)
- [CSUSM Corporation Gift Card Purchasing Procedures](#)
- [CSUSM Foundation Gift Card Purchasing Guidelines](#)
- [Payments to Students Guidelines & Procedures](#)
- [CSUSM Corporation Commercial Partners](#)