

Gift Cards

Purpose

This policy shall apply to all gift card recipients who are employees (U.S. citizens, foreign nationals, resident and non-resident aliens) including student employees and includes all cash awards, cash-equivalent gift cards, or gift cards redeemable in cash.

Are gift cards considered taxable income?

Yes, gift cards are taxable. According to the [IRS](#), gift cards for employees are considered cash equivalent items. Like cash, you must include gift cards in an employee's taxable income -regardless of the gift card value.

How to report

Payment Request – All recipient names should be included with the payment request. The Specialty Team will work with Payroll directly for W2 reporting.

P-Card – use expense type 'other-gift/awards' when reconciling a gift card/gift. All recipients should be entered in the available space provided. Payroll will be notified of all gift card and tangible gift purchases.

References:

Business Expense Guidelines:

https://finance.caltech.edu/documents/15148/guidance_on_business_expenses_final_09_01_2017.pdf

IRS: <https://www.irs.gov/government-entities/federal-state-local-governments/de-minimis-fringe-benefits>

P-Card policy: https://procurement.caltech.edu/documents/18166/P-Card_policy_4-6-21.pdf