



## Policy Summary

The University's policy aligns with IRS regulations. Therefore, the award or gift's purpose must further a University business purpose, and award or gift limits must be in line with IRS regulations.

Moderately-priced gifts made on behalf of the University to non-employees, students, or outside organizations are allowed when the gift benefits the University, is in furtherance of a University business purpose, and is clearly necessary to the University's fulfillment of its role as a good community citizen.

The business reason for making the gift or the nature of the business benefit the University derives or expects to derive must be documented in writing. In most cases, the promotion of goodwill in the University community is an acceptable business purpose. The cost of such gifts must be reasonable in relation to the actual or expected benefits.

Tax Services has prepared guidelines and forms to assist departments in determining the tax treatment of these gifts to non-employees.

## Tax Reporting Guidelines

Under Internal Revenue Service regulations, the University will report any gift or award with a value of \$600 or more provided to a non-employee on an IRS Form 1099-MISC. If a gift recipient is both a student and an employee, a determination must be made as to whether the receipt of the gift is dependent on the individual's employment relationship with the University. If the gift is not dependent in any fashion on the fact that the student was also employed by University (e.g., a student prize for outstanding course work), the gift will be treated as a non-employee transaction.

If the gift relates to the student's employment with the University, the gift will be subject to the tax reporting rules set forth in BFB-G-41 "[Employee Non-Cash Awards and Other Gifts](#)". A taxable gift made to a foreign individual is subject to the reporting rules contained in Accounting Manual Chapter T-182-27-2013 update, Taxes: Federal Taxation of Aliens.

For a description of allowable non-employee noncash gifts and awards (i.e. recognition, incentive, sympathy awards, and prizes including door prizes and other gifts used to encourage participation in a department event), please see BFB-G-42 "[Gifts Presented to Non-Employees on Behalf of the University](#)".

- The taxable portion of the award or prize will be included on an IRS Form 1099-MISC (Form 1042-S for nonresidents) if the gift is \$600 or more.

## Department responsibilities

Departments should collect a Form W-9, Request for Taxpayer Identification Number and Certification, at events where cash prizes and awards will be distributed.

The department is responsible for tracking all noncash gifts or awards distributed out during the calendar year, to ensure that the per-person limits for each type of gift or award are not exceeded. The gift or award will be fully or partially taxable if the per-person limit applicable to that type of gift or award is exceeded.

When requesting an exception to [BFB-G-42](#) the Department should complete the "Exception Request Form" and the "Statement of Taxable Noncash Gift or Award". **Upon completion, email the "Exception Request Form" and the "Statement of Taxable Noncash Gift or Award" to Tax Services at [tax@ucmerced.edu](mailto:tax@ucmerced.edu).**



### Exception Request Form

This form is to be completed by the Department to request an exception to BFB-G-42 "[Gifts Presented to Non-Employees on Behalf of the University](#)" policy.

To Be Completed by the Requesting Department			
Date of Gift or Award		Exception Gift or Award Amount	
Justification for the Exception Request			
Requestor Name	Requestor Signature	Date	Phone
Vice Chancellor Business for Business & Administrative Services Name	Vice Chancellor Business for Business & Administrative Services Signature		Date



### Statement of Taxable Noncash Gift or Award

This form should be completed for each non-employee receiving a gift on behalf of the University per UC Policy [BFB-G-42](#).

Date of Gift or Award	Description of Award or Prize (i.e. gift card, pedometer)	Fair Market Value of Gift or Award

<b>Name (First, Middle, Last)</b>

<p><b>Section A: To be completed by the recipient of the gift.</b></p>
<p>1. Are you a U.S. Citizen, U.S. Permanent Resident, or in the U.S. as a Refugee?</p> <p>Yes</p> <p>No (<i>Please answer question 2</i>)</p> <p>If you answered “<b>Yes</b>” to the above question and the value of the gift is \$600.00 or greater, you must complete an IRS Form W-9. Federal law requires the University to report gifts of \$600.00 or more per year to the IRS Form 1099-MISC.</p> <p><b>Note:</b> You will <b>not</b> receive an IRS Form 1099-MISC form the University if the gift is less than \$600.00, but you must include the <a href="#">Fair Market Value</a> of your gift as income on your annual income tax returns.</p>
<p>2. Are you a Resident for tax purposes (based as income on the IRS Substantial Presence Test)?</p> <p>Yes</p> <p>No, I am a nonresident for tax purposes.</p> <p>If you answered “<b>Yes</b>” to the above question and the value of the gift is \$600.00 or greater, you must complete an IRS Form W-9. Federal law requires the University to report gifts of \$600.00 or more per year to the IRS on Form 1099-MISC.</p> <p><b>Note:</b> You will <b>not</b> receive an IRS Form 1099-MISC from the University if the gift is less than \$600.00, but you must include the <a href="#">Fair Market Value</a> of your gift as income on your annual income tax returns.</p> <p>If you answered “<b>No</b>” to the above question, you must complete a record on GLACIER. The University has an obligation to report the <a href="#">Fair Market Value</a> of the award or prize to the IRS regardless of the amount.</p> <p><b>Note:</b> The University may have an obligation to withhold federal taxes unless the information provided on your GLACIER record results in a tax treaty exemption.</p>