

AWARDS

Introduction

Awards are given to recognize a person or group, including companies, student groups, universities and other organizations, for their merits or contributions to Lamar University.

B. United States Internal Revenue Service (IRS) Requirements and Restrictions

IRS requirements and restrictions for awards are as follows:

1. Employee Awards

a. Cash Awards

Awards of cash to employees for any amount must be processed through Payroll Services. Cash awards paid to employees must be part of an authorized awards program that has been approved in advance by the applicable dean or vice president. The department must state the frequency, amount, account, nature, and selection criteria to be used.

b. Gift Certificates and Gift Cards

Gift certificates and gift cards for **any amount are disallowed**. These items are taxable to the recipient, and it is administratively infeasible to assess and collect the required taxes and fringe benefits.

c. Merchandise

Employee merchandise awards exceeding a fair market value of \$50 must be included in the employee's taxable income, unless the award is for length of service or for safety achievements. The value is determined by purchase price unless the item has been personalized (inscribed), which will make the fair market value zero. Merchandise awards in excess of \$400 given for length of service or for safety achievements must also be awarded as part of a meaningful presentation, and awarded under circumstances that do not indicate that the payment is disguised compensation.

d. Athletics-Related Awards

Athletics-related awards that exceed fair market value of \$50 are monitored by the Athletics Business Office and reported annually to Payroll Services to be included in the employee's W-2. (athletic tickets at an employee discount, etc)

2. Non-Employee Non-Cash Awards Exceeding a Fair Market Value of \$50

The value is determined by purchase price unless the item has been personalized (inscribed), which will make the fair market value zero.

Gift certificates and gift cards for any amount are disallowed. These items are taxable to the recipient.

Award recipients must provide their permanent mailing address and Social Security number for issuance of 1099-MISC form for awards that exceed a fair market value of \$50. This information must be included with the payment document that is sent to AVP Office for approval.

Departments must keep a log of awards, regardless of amount or method of payment, which includes the awardees name, explanation of award.

Awards presented outside the United States to non-US citizens/residents are not reportable, and no tax information is required.