**Taxation of Employee Recognition Awards**

On occasion the College, or a division/department of the College, may recognize employees for outstanding work-related achievement, a significant contribution, or a major milestone such as a promotion or retirement.  The following guidelines have been developed in accordance with IRS regulations concerning employee awards.

Awards received by employees (including student workers) are taxable and must be reported as additional earnings on an employee’s W-2 if their value exceeds the following dollar thresholds:

1. Cash, gift certificates or gift cards **of any amount**
2. Awards of tangible personal property with a value greater than $100 (awards of tangible personal property to employees are “de minimis” when they are awarded infrequently and are not greater than $100)
3. Awards of tangible personal property greater than $400 for a length of service or retirement award. These awards may not be made within the employee’s first five years of service or more frequently than every five years.

Reimbursement requests related to taxable awards will not be honored unless accompanied by a list naming each recipient, date of award, and value of amount awarded.

Similar support for departmental charge-back purchases of gift cards at the College Bookstore must also be submitted to the Payroll Office within 10 business days of purchase. Failure to report back on these items may result in the College billing back the purchaser of the gift cards on his/her College account.

It is important for the employees receiving these awards to be made aware of the potential income tax consequence.

This policy does not cover ordinary business expenses in the promotion of employee morale.  Examples of such business expenses are: occasional business lunches; office gatherings; or flowers for bereavement, hospitalization, or family crises.  Furthermore, this policy does not preclude individual faculty or staff members from giving personal gifts to their colleagues provided College funds are not used for this purpose.