

## Pittsburg State University Gift, Prizes, and Awards Policy

In some instances, gifts, prizes, awards, and promotional items may be purchased with a valid business purpose. Regardless of the recipient, State of Kansas Ethics Policies, IRS 1099 reporting implications, grant award agreements, and other applicable rules and regulations must be followed. The following definitions will be applied when evaluating taxability and reporting scenarios:

**Gift** – A gift is something given without expectation of something in return.

**Prize** – A prize is something given for winning a drawing or competitive contest.

**Award** – An award is something given to recognize achievement.

Per this policy, taxability and IRS 1099 reporting requirements are as follows:

	Cash/Cash Equivalent	Commodities/Goods	Entertainment
<b>PSU Employee</b>			
Gift	Not Allowed	Allowed with Foundation Funds and valid business purpose. Taxable Fringe if $\geq$ \$40	Not allowed
Prize	Allowed if random drawing or contest. Taxable Fringe	Allowed if random drawing or contest. Taxable Fringe if $\geq$ \$40	Allowed if random drawing or contest. Taxable Fringe if $\geq$ \$40
Award	Taxable Fringe	Taxable Fringe if $\geq$ \$40	Not allowed
<b>PSU Student Employee</b>			
Gift	Not Allowed	Allowed with Foundation Funds and valid business purpose. 1099 Reportable if $\geq$ \$100	Not allowed
Prize	Allowed if random drawing or contest. 1099 Reportable	Allowed if random drawing or contest. 1099 Reportable if $\geq$ \$100	Allowed if random drawing or contest. 1099 Reportable if $\geq$ \$100
Award	1099 Reportable	1099 Reportable if $\geq$ \$100	Not allowed
<b>Non-PSU Employee (Students, Community Members, Guest, etc.)</b>			
Gift	1099 Reportable	1099 Reportable if $\geq$ \$100	1099 Reportable if $\geq$ \$100
Prize	1099 Reportable	1099 Reportable if $\geq$ \$100	1099 Reportable if $\geq$ \$100
Award	1099 Reportable	1099 Reportable if $\geq$ \$100	1099 Reportable if $\geq$ \$100

If a transaction is deemed to be 1099 reportable, a W-9 or W-8BEN must be obtained from the recipient of the gift, prize, or award. If a transaction is deemed to be a potential taxable fringe benefit, the information will be submitted to Human Resource Services for evaluation and assessment of any benefit.

Per IRS regulations, gift cards are a cash equivalent and follow the same rules as if cash was given as a gift, prize, or award. If a PSU Employee receives a gift card as part of a random drawing or contest, it will be a taxable fringe benefit regardless of amount. A form W-9 or W-8BEN **MUST** be obtained from all other gift card recipients, as they are 1099 reportable regardless of the amount. Per PSU policy, gift cards **MAY NOT** be purchased using a procurement card. Failure to comply with these gift card policies will result in repayment by the purchaser of the gift card(s), or denial of payment in the case of a reimbursement.

State of Kansas ethics rules (KSA 46-237a) allow state employees to receive a gift, prize, or award valued at less than \$40 if it is presented at an official function. State ethics rules apply regardless of funding source. These rules also stipulate that the potential for a conflict of interest be considered when giving gifts to non-state employees.

<https://ethics.kansas.gov/state-level-conflict-of-interest/guidelines-for-state-employees/>