

# Gift Card Guidelines and Process

Gift Cards are considered cash equivalents, and therefore it is important that organizational units handle and account for these cards appropriately. The purpose of these guidelines is to set forth the requirements for use, approval, purchase, accounting, tax reporting, and safeguarding of gift cards.

The main use for the disbursement of gift cards fall under one of the categories below:

- Research Incentive
- Programmatic award (example: placed 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> in 4-H contest)

A gift card purchased for use as a 'gift' is **NOT ALLOWABLE**. In most instances employees will not qualify for a gift card, unless the employee has been picked as part of a research incentive or random drawing event. If that is the case, the employee will be taxed on the gift card value through Payroll.

Employees who qualify for a gift card will be taxed through Payroll regardless of the dollar amount, other recipients will receive a 1099-MISC form IF the total amount of payments for the individual reach a dollar amount of \$600. If the total dollar amount a non-employee receives is less than \$600, it is the responsibility of the individual to report these earnings. Individuals receiving gift cards valued at more than \$100 will be required to complete a [W-9](#).

**Please note:** If you have a winner of an award that is not a U.S. Citizen or Permanent Resident, the award must be made through Payroll or Accounts Payable in order to withhold the appropriate amount of federal tax. You will work with the Division Payroll office that works with Nonresident Aliens for U.S. Tax Purposes. You cannot give a gift card for a prize or award to a foreign national because of the required federal tax withholding.

Contact Information: Division Payroll Team: payroll@uada.edu

Be aware that you cannot always use an international student or scholar as a research subject. This needs to be approved **BEFORE** you allow a foreign national to participate as a research subject. Again, you need to check with the Division Payroll Team. There could be severe consequences if you use a foreign national as a research subject that should not have been used.

The State of Arkansas has granted the University of Arkansas an exemption that allows the p-card to be utilized to purchase Gift Cards, if approved by the Procurement Office. Currently the following types of gift cards are allowable when the p-card and funding source have been **PRE-APPROVED** for use:

- Walmart
- Sam's Club
- Amazon

*You are not allowed to purchase another merchant's gift card while purchasing from one of these locations. Our exemption to allow the use of the p-card is only for gift cards branded by one of these merchants.*

Other methods of procurement may be used to purchase gift cards from other merchants. The process outlined below is applicable to gift card regardless of procurement method.

## Steps for Pre-Approval and Purchase

1. A [Gift Card Request Form](#) must be completely filled out, signed, and emailed to the Procurement office at [purchasing@uada.edu](mailto:purchasing@uada.edu). (*exception is Food Science Testing Lab, where a process is already in place due to the extensive number of gift card incentives purchased*).
2. If request is approved, the [Gift Card Request Form](#) will be emailed back to the requester with an approved signature from the Procurement Office. The approved Gift Card Request Form and itemized receipt should be attached to the corresponding Workday transaction.
3. Gift Cards are then purchased making every effort to ONLY purchase the quantity of cards that you know will be distributed for the specific event. In other words, do not guess at how many cards are needed. In most instances, you should know exactly the number of cards that will be distributed as defined on the [Gift Card Request Form](#).
4. When gift cards are distributed, each recipient is to sign the [Gift Card Disbursement Log](#). All information must be filled out on this form including: last 4 digits of card number, dollar value of card, Employee or Student ID (if applicable), printed name, and signature of recipient. If an individual is receiving gift cards valued at more than \$100, they must also complete a [W-9](#).
5. All documentation must be sent to the Procurement office five working days after the gift cards are disbursed:
  - o Signed [Gift Card Request Form](#)
  - o Signed [Gift Card Disbursement Log](#)
  - o Receipts from vendor where Gift Cards were purchased
  - o W-9 (if applicable)
  - o If your study will be confidential and anonymous for IRB purposes a letter from the PI will be required stating such. The number of cards and dollar amounts of all cards given out will still be required by the Procurement Office. The researcher will need to keep all confidential files for their own records.
6. All documentation will be forwarded by Procurement to the appropriate office for tax review if applicable.

In the rare event that all cards purchased were not able to be disbursed, the number of cards, last four digits of card numbers, and an explanation of where the cards are being stored must be provided with your documentation.

Gift cards, once purchased, must be kept in a secure Division location (example: locked drawer or safe) until distributed. Failure to comply with any of these steps will result in **immediate** suspension of the card holder's p-card.

***Please Note:*** If it is found in the p-card audit where gift cards were purchased, without the signed *pre-approval*, the card holder's p-card will be suspended immediately and further use of the p-card by the cardholder will not be allowed until the Procurement Office deems appropriate.