



San José State
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FOUNDATION

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Date: November 4, 2011

To: Principal Investigators and Account holders

From: Paul E. Harris

Subject: Gift Cards or Gift Certificates

The holiday season is fast approaching! If you are planning to give gift cards, gift certificates, or other similar cash equivalent items to staff for this holiday season, please read on...

According to the IRS, gifts to employees that are cash or near cash equivalents must be reported to IRS as supplemental wages and subject to payroll taxes. Near cash equivalents include gift certificates or gift cards to American Express, Visa, bookstores, restaurants, grocery stores, etc., which are given to employees for any reason and for any amount.

For University Employees

- Please note that the Research Foundation **cannot** reimburse nor process requisitions for gift certificates or gift cards given to University employees.

For Research Foundation Employees

- Should you plan to purchase gift certificates or gift cards for research Foundation employees using Research Foundation funds, please purchase early and submit requisitions for reimbursement by December 12, 2011. Please provide the names and amount for each employee who receives a gift card or gift certificate.
- Foundation staff will need time to process the gift card or gift certificate's value through the payroll system in order to include the amount as employee earnings for the current year. We will not be able to accept reimbursement requests for gift cards or gift certificates after December 12, 2011.

Thanks for your help with this matter.

