

GIFT CARDS

The school should maintain sufficient evidence to support the distribution and receipt of all gift cards purchased. A log should be maintained that includes the names and signatures of individuals receiving gift cards.

Cash or cash equivalent items provided by the employer are never excludable from income. An exception applies for occasional meal money or transportation fare to allow an employee to work beyond normal hours. Gift certificates that are redeemable for general merchandise or have a cash equivalent value are not de Minimis benefits and are taxable.

<http://www.irs.gov/Government-Entities/Federal,-State-&-Local-Governments/De->

Minimis-Fringe-Benefits

If they are taxable, they should be included in wages on Form W-2 and subject to income tax withholding. If the employees are covered for social security and Medicare, the value of the benefits are also subject to withholding for these taxes. You may optionally report any information in box 14 of Form W-2.