

### **Taxability of Prizes, Awards, and Gifts Information**

Prizes, awards, and gifts made through any university accounts are taxable income to the recipient. This applies to cash as well as to any non-cash prizes, awards, and gifts.

For employees (including student employees), cash prizes, awards, and gifts have to be paid through payroll on a one-time PAF. For non-cash prizes, awards, or gifts, valued at more than \$40 and for gift certificates of any value, the value of the item will also need to be submitted on a one-time PAF so that the appropriate taxes can be withheld and the income reported on the recipient's W-2. The PAF should be submitted to the Purchasing Office along with the check request or purchase order for the prize, gift or award; payments or reimbursements for these gifts will be delayed until the PAF is received. For non-cash prizes, awards, or gifts valued at \$40 or less, the Internal Revenue Service does not consider this to be material; therefore these can be paid on a check request submitted through the purchasing office without an accompanying PAF.

For non-employees, prizes, awards, and gifts can be paid on a check request submitted through the Purchasing Office. The recipient's name, mailing address and social security number must be present on the check request for any prizes, awards or gifts valued at over \$40 and for gift certificates of any value.

Please share this information with the appropriate staff in your area. If you have any questions regarding these procedures, please contact our office at ext. 92941 for assistance or visit [Internal Audit website](#).