

# Prizes and Awards

## Guidelines

### **Definitions:**

**Prize** – Something of value conveyed because of chance, generally for promotional purposes, to one or more participants in a University sponsored event

**Award** – Recognition or something of value conveyed because of competition, merit or in recognition of service to the institution on the part of the recipient.

**Gift** – A voluntary conveyance of something of value as a gesture of goodwill or appreciation.

**De Minimis** – a non-cash gift, award or prize that is so small accounting for it would be unreasonable or administratively impractical. The value of the non-cash item is not to exceed \$100.

### **Internal Revenue Service Guidelines**

- Cash and/or Gift Card gifts, prizes or awards to any University employee, TES or Student-Employee is considered supplemental wages and are always reportable as taxable compensation, regardless of the amount. These items must be processed through the payroll department in order to ensure appropriate tax reporting and withholding.
- Cash and/or Gift Card gifts, prizes or awards given to students and non-employees are required to be reported to the IRS by the University if the amount of the award to any single individual exceeds \$600 in a calendar year. The awarding department will be responsible for reporting this to Accounts Payable for inclusion on a Form 1099.
- A non-cash gift, prize or award may be considered a de Minimis item if its value does not exceed \$ 100. A de Minimis non-cash prize, award or gift is not included in the recipient's taxable income.

### **Best Practices**

- Avoid cash and cash equivalent prizes and awards. These are taxable starting with the first dollar given.
- Limit the value of all non-cash prizes to less than \$100.
- Whenever in doubt as to what to issue as prizes, please email [Tax@stockton.edu](mailto:Tax@stockton.edu).