



Gifts to Employees

Guideline: HR108
Responsible Executive: Vice President for Human Resources
Responsible Office: Office of Human Resources
Approved by: Senior Planning Group
Effective Date: 02/21/2023
Last Revised: N/A

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Policy Statement

The Johns Hopkins University (“JHU” or “University”) is a non-profit, tax-exempt educational institution, and as such, is responsible for complying with relevant federal, state, and local tax laws.

Gifts, awards, or prizes (Gifts) may be given to University employees for work-related achievements, recognition for making special contributions, and achieving major milestones such as years of service, promotion, departure, or retirement. The Internal Revenue Service classifies most gifts to employees as taxable income that is subject to W-2 reporting and tax withholding. However, some exceptions to this tax classification may apply where the gifts are infrequent and under certain dollar value thresholds (See Section II. De Minimis Gifts).

Who Is Governed by this Policy

All units of the University except the Applied Physics Lab are governed by this policy. This Policy shall apply to, and be uniformly applied by, all schools and divisions of the University.

Purpose

The purpose of this Policy is to outline what types of gifts may be given to University employees.

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Definitions

De Minimis Gifts	A prize, award, or benefit that is not cash or cash equivalent (e.g. gift card or gift certificate), of nominal value, and provided infrequently. De Minimis gifts are excludable from an employee's wages. Prizes or awards that are given frequently to an employee do not qualify as an excludable de minimis award, even if each award is small in value.
Fringe Benefit	A fringe benefit is a form of pay (including property, services, cash or cash equivalent) in addition to stated pay for the performance of services.
Receipt Documentation	An itemized merchant receipt issued by the supplier to substantiate the business transaction, including proof of payment. If the merchant receipt is not available, a Missing Receipt Affidavit may be required for reimbursement.

Policy**1. General**

- a. As part of JHU programing and incentives for employees, Gifts may be given by the University to University employees and paid for with University funds. Gifts are generally considered taxable income unless an exception applies. Gift cards or gift certificates may not be purchased with University funds to be given as part of JHU employee programing, incentives, or gift-giving.

2. De Minimis Gifts

- a. Generally, and in accordance with IRS rules, all gifts to employees are considered compensation and should be reported on the Form W-2. De Minimis Gifts are the exception to this rule. Such gifts must be infrequent, non-cash gifts (such as a mug or T-shirt) that are valued cumulatively up to \$100 per employee per calendar year. This threshold does not include auxiliary costs (such as engraving, embroidering, or shipping fees).
Infrequent non-cash gifts given during the same calendar year that, when combined, are in excess of \$100 must be considered compensation and reported on the Form W-2. Should such expenses be reimbursed by the University, they must be processed by Payroll Shared Services and included in the employee's taxable income.

3. De Minimis Gifts at Retirement

- a. Human Resources is responsible for determining the value of De Minimis Gifts given to commemorate retirement from the University and shall work with the Tax Office as necessary to ensure compliance with IRS rules. Current University-wide gifting programs are offered to the extent a department wishes to provide such gifts.

For rules associated with retirement parties, please see the Reimbursable Expenses (Non-Travel) Policy.

4. Employee Achievement Awards

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- a. The University has several formal programs to recognize length of service or safety achievements of faculty and staff (e.g., University-wide receptions to acknowledge employment longevity milestones). Human Resources is responsible for determining the value of these Gifts and shall work with the Tax Office as necessary to ensure compliance with IRS rules.

5. Awards and Prizes

- a. In general, unless specifically excluded, prizes or awards given to employees are taxable as compensation and must be paid through payroll. This includes academic awards, prizes from participating in surveys, and the like.
- b. The following awards are always taxable as wages to an employee:
- Non-cash prizes valued at more than \$100 won by employees from random drawings at employer sponsored events.
 - Awards for performance, such as outstanding customer service, employee of the month, or awards based on productivity. Such awards constitute wages and should be paid through compensation arrangements unless awarded as part of an approved Employee Achievement Awards Program.
 - Awards for length of service or safety achievement that are not administered by central Human Resources (see Employee Achievement Awards above).
 - All cash awards regardless of value.
- c. Faculty and staff cannot direct any award from the University to a University discretionary account instead of accepting payment.
- d. Generally, awards and prizes to students are not related to employment at the University. In the event that a student award or prize is employment related, that award would be treated the same as those given to employees, would be taxable as compensation, and must be paid through payroll.
- e. "Cash" prizes to non-affiliates (e.g. individuals who are neither University employees or students) must be paid using online payment requests (FV-60). Awards and prizes given to non-employees including students are to be paid through Accounts Payable directly to the recipient of the award. All awards and prizes to an individual will be subject to any applicable tax reporting and withholding.

Policy Enforcement

Enforcement	<i>Violations of this Policy will be investigated and reviewed by the appropriate University Office. Sanctions for Policy violation may include one or more of the following:</i> <ul style="list-style-type: none"> • <i>disciplinary action up to and including termination of employment;</i> • <i>student discipline in accordance with applicable University policy;</i> • <i>civil or criminal penalties.</i>
Reporting Violations	<i>Please report violations of this Policy to JHU through the Johns Hopkins Speak2Us Compliance hotline(1-844-SPEAK2US). Reports may be made anonymously.</i>

Related Resources

University Policies and Documents
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[Business Expenses Related to University Travel](#)
[University Policy on Conflict of Interest and Conflict of Commitment](#)
[Independent Contractor Policies and Procedures](#)
[Cellular Telephone Policies](#)
[Code of Conduct](#)

University Forms and Systems

[Missing Receipt Affidavit \(Internal Concur Process\)](#)
[B37 Form](#)

Contacts

Subject Matter	Office Name	Telephone Number	E-mail/Web Address
Policy Clarification and Interpretation	Office of Human Resources	667-208-8755	EmployeeRelations@jhu.edu
Enforcement	Office of Internal Audit	443-997-6391	http://pages.jh.edu/~ohia/hopkinsia.html