Gift Card Policy

Policy Summary
Gift cards are considered the same as cash by the Internal Revenue Service (IRS) and, therefore, are subject to tax reporting requirements. Depending on the intended use for the gift card, specific UW-Madison payment procedures must be applied.

Policy Application
Employees of all UW-Madison schools, colleges, and auxiliary divisions including, but not limited to:

- Custodian Funds custodians, signers and reconcilers
- Purchasing cardholders and site managers
- Deans, Directors, Financial Officers, and other campus leadership

Rationale
The purchase and use of negotiable items, such as gift cards or gift certificates, require strict accountability. Gift cards may be purchased to be used for prizes and awards or to compensate research study participants.

This policy excludes scholarships, i.e., money awarded to students with the intent to support the educational or educationally related expenses of the individual receiving the award. For guidance on making any payment to students refer to the Student Payment Guide under section on Other Payments.

Policy Detail

1. **Gift Cards as Prizes or Awards (Non-Institutional Review Board [IRB] Related):** Gift cards may be purchased as prizes or awards using a UW-Madison purchasing card provided the following requirements are met:
   - The intended gift card purchase is in alignment with the definition of a prize or an award in UW System Administrative Policy 330.
   - Gift cards are purchased in amounts of $25 or less.
   - Only one gift card is given to each recipient during a calendar year. Tracking is to be performed by the department.
Gift cards are not to be given to UW employees (except in situations where the individual’s employment is incidental to the basis on which the gift card is given) or Non-Resident Aliens.

Gift cards are not used for payment of services or other tax-reportable payments.

Additional supporting documentation is retained with the Cardholder Statement and vendor receipt:
- Pre-approval must be obtained from the Divisional Business Office via the Purchasing Card Gift Card Approval Form.
  - Purchases on Grant money must be pre-approved by Research and Sponsored Programs prior to submitting the form to the Divisional Business Office for final approval.
- The Purchasing Card Gift Card Recipient Log is used to document the name and contact information of each gift card recipient.

The individual making the gift card purchase is accountable for the safekeeping of the gift card(s) and accounting for any unused gift cards.

II. Gift Cards as Payments to Research Participants (IRB Related):
- All research participant studies are to be approved or an exemption formally documented and provided by the IRB. Refer to the 200-Custodian Funds Policy and 200.2: Temporary Fund Procedures for information on using gift cards to pay research participants.

Non-Compliance
Gift cards may only be purchased with UW-Madison funds as described in this policy. Gift cards for any other purpose or gift cards purchased via alternate payment procedures are not payable or reimbursable by the University.

Supporting Tools
Purchasing Card Forms: www.bussvc.wisc.edu/acct/purchcd/tabforms.html

Definitions
1. Award: See UW System Administrative Policy 330.


3. Custodian Funds: Funds or accounts set up to serve the various cash related needs of UW-Madison, such as paying research participants or business processes.

4. Non-Resident Alien: For U.S. tax purposes, a nonresident alien is a non-U.S. Citizen who has not passed either (1) the green card test (Green Card Test), or (2) the substantial presence test (Substantial Presence Test).

5. Prize: See UW System Administrative Policy 330.
6. **Purchasing Card Gift Card Approval Form**: Used to obtain pre-approval from a Divisional Business Office to purchase gift cards as prizes or awards on a UW-Madison purchasing card.

7. **Purchasing Card Gift Card Recipient Log**: Used to track recipients of gift cards purchased with a UW-Madison purchasing card.

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### General Responsibilities

**Purchasing Cardholders** - Responsible for reading, understanding, and adhering to this policy.

**Divisional Business Office Staff** – Responsible for reviewing and approving Purchasing Card Gift Card Approval Forms and the purchase of gift cards.

**Research and Sponsored Programs** – Responsible for reviewing and approving Purchasing Card Gift Card Approval Forms and the purchase of gift cards on sponsored funding.

**Purchasing Card Program Office** –
- Develops and maintains internal policies and procedures.
- Develops training and supports purchasing cardholders, site managers, and Divisional Business Offices with purchasing card-related questions and concerns.
- Performs periodic reviews of card activity to ensure compliance with all policies and procedures.

### Links to Related Policies

- **200 – Custodian Funds Policy**
- **Student Payment Guide**