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HCCA Compliance 101, Fifth Edition
Appendix 5. Nonprofit Organization FAQS: Giving and Receiving Gifts

Frequently Asked Questions About Giving and Receiving Gifts

It is essential that [ORGANIZATION] fulfills its Mission and its commitment to integrity in the delivery of services. For this reason, employees, volunteers, and others who are in the direct control of [ORGANIZATION], and members of the [ORGANIZATION's] Governing Board; and Foundation Boards (collectively referred to as workforce members) of [ORGANIZATION], and our family of organizations must maintain impartial and appropriate relationships and not partake in activities that present a real or perceived conflict.

To avoid actual or perceived conflict, workforce members must avoid accepting gifts or other items of value including, but not limited to meals, tickets to events, special favors, loans, discounts, free services, tips, and gratuities. Remember that cash and cash equivalents, such as a gift card, are never to be accepted unless it comes from within [ORGANIZATION] or our affiliates (e.g., from your supervisor or HR).

The purpose of these FAQs is to provide workforce members consistent guidance on giving and receiving of gifts while fulfilling the [ORGANIZATION's] Mission.

Gifts from within [ORGANIZATION]

What is the difference between a tangible gift, a voucher, and a gift of cash or cash equivalent? Are gifts to workforce members' taxable if reimbursed or paid directly by [ORGANIZATION]?

Tangible items or gifts for a specific item such as a cafeteria meal voucher, turkey, a haircut, or a fruit platter, up to $75, are not considered taxable to the workforce member.

Tangible items or gifts over $75 are taxable to the workforce member and will be reported as compensation to the employee on the employee's W2 unless the employee has declined to accept the item.

Because gift certificates or gift cards are considered gifts of cash equivalent and are not tangible items, these items will always be taxable to the employee regardless of value when given by [ORGANIZATION].

For gifts of cash or cash equivalent provided by [ORGANIZATION], payroll must be notified for taxation purposes.

When contacting payroll provide the following information:

- Employee ID #
- Full name
- Home department
- Charge to department if different than home department
- Amount of gift card and/or value of gift

Can a unit provide a meal voucher or gift card to workforce members as a token of recognition (i.e., upon

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completion of mandatory training)?

Yes, however, gift cards or gift certificates of any amount provided to workforce members from within [ORGANIZATION] will be taxable to the employee. An occasional meal voucher in conjunction with a planned event is allowable but should generally be avoided.

Our unit provides its employees with a gift certificate for a turkey or ham during the holidays. Is this considered income to the employees?

No. Since it would be impractical for the unit to physically hand out a turkey or ham to each employee, it is permissible to provide a gift voucher specifically for such items. A gift voucher redeemable for a specific item, or just 2 in this case (a turkey or a ham), is considered a gift of property, not a gift of cash or a cash equivalent, and therefore not reportable as taxable income to the employee.

However, if the unit were to provide a gift certificate to local grocery stores for, say, $25, allowing the employee to select the holiday meal of their choice, the gift certificate would be considered a cash equivalent and would be reportable as taxable income to the employee.

Are workforce members allowed to accept gifts purchased by their managers from the manager's personal account?

Yes, workforce members are allowed to accept gifts from their manager and there are no tax implications to the workforce member if the gift is not purchased with [ORGANIZATION] funds.

Are workforce members allowed to purchase gifts for other workforce members?

Yes, workforce members are allowed to exchange gifts. This can include gift cards as they are not taxed by [ORGANIZATION] payroll when paid for, out-of-pocket, by the workforce member not using [ORGANIZATION] funds. This means the person providing the gift card must not request to be reimbursed by [ORGANIZATION].

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