GIFTS, PRIZES AND AWARDS

GPA POLICY

The University Policy for Gifts, Prizes and Awards can be found at:

http://www.fhsu.edu/academic/provost/documents/faculty_handbook_pdf/

(document page 275 or internet page 286.)

GIFTS, PRIZES, AWARDS AND PROMOTIONAL ITEMS PURCHASED

Gifts, prizes, awards and promotional items can be purchased using departmental (State) funds. Use of departmental funds for the purchase of gifts, prizes and awards must be approved in advance by the appropriate Vice President or delegate after submission of a plan detailing the following:

- How the event supports the mission of the university, division, and/or department.
- How the sponsor of the event will collect all the necessary information to adhere to the rules and regulations of the IRS and the State related to tax liability concerning the value of the prize, gift, or award
- How the sponsor will safe keep the tax information collected from the recipient by way of a W9 or W8BEN.
- How the department will pay or collect the added cost of taxes in the case of required withholding due to IRS and State regulations.

GPA POLICY

Upon approval by the appropriate Vice President or delegate, the plan must be submitted to the Vice President for Administration and Finance for review and final approval.

The sponsor should keep in mind that regardless of the value of the gift, prize or award, the State and IRS require tax information be collected and submitted to the Accounts Payable department before payment of the gift, prize or award can be processed. In the case of foreign nationals the IRS and State require mandatory withholding of 35% of the value of the item. In the event the sponsor plans to pay for the added cost of the tax withholding the department should plan to pay an additional 53% of the value of the gift, prize or award over the prize value.

GPA POLICY

Definitions are as follows:

- Gift – Any cash equivalent given as a token of appreciation or to establish good will. No action, such as entering a competition, needed by the recipient.

- Prize – Any cash equivalent given as a result of winning a competition or random drawing.

- Award – Any cash equivalent given for exceptional service.

- Promotional Items – Items advertising Fort Hays State University given to a group of individuals not employed by the university. The items must have Fort Hays State University or an FHSU logo on it. The logo must be approved by University Relations.

Under no circumstance can state funds be used to purchase gifts, prizes, awards or promotional items for employees.

Adopted by President's Cabinet (07/13/11).

GIFTS, PRIZES AND AWARDS APPROVAL FORM

Prior to purchasing a gift, prize or award item:

1. **Complete Gifts Prizes & Awards form on Lotus Notes Workflow**
2. **Submit for approval with the following entered as approvers**
   - Director or Department Chair
   - Dean or other approver as required
     (may be same as line 1 if no other approver is required)
   - Provost or Vice President for Student Affairs
   - Mike Barnett (Vice President for Administration and Finance)
   - FHSU Purchasing
     (The form must be submitted to all or it will be denied.)
3. **Receive approval of Gifts Prizes & Awards Form**

GPA Approval Form

1 Forward 2 Close 3 Edit Approver List 4 Submit for Approval

Departmental Information:

Use of State Funds to purchase gifts, prizes, or awards for employees is not permitted under any circumstance.

Prior to the purchase of any items this form must be approved by:

Director or Department Chair
Vice President
Vice President for Administration and Finance

The Event Number assigned, after this form is approved, must be included on the Prize Recipient Form and written on all invoices, receipts, and W9s/W8BENs submitted to Accounts Payable.

○ Activity Account ○ State Account
(Accounts starting with SA)

Event Host:

Event:

Date of Event: 16

How does the event support the mission of the university, division, and/or department:

Detailed Description and Estimated Price of all items to be purchased for the event including engraving, wrapping paper, etc.

Quantity	Unit	Description	Unit Price	Extended Price
			$0.00	$0.00
			$0.00	$0.00
			$0.00	$0.00
			$0.00	$0.00
			GRAND TOTAL	$0.00

If more than 4 lines are required please attach a spreadsheet containing the above information for each item to be purchased and only include the total price above.
Comments and Attachments:

How will the person responsible safe keep the W9 or W8Ben Forms:

GPA Approval Form

How will the person responsible safe keep the W9 or W8Ben Forms:
Who will be the person responsible for the safe keep of the W9 or W8BEN Forms:
Original forms must be delivered to the Business Office. **Do not keep copies.**

The State and IRS require tax information to be collected and submitted to the Business Office **BEFORE** payment for the gift, prize, or award can be processed, regardless of the value. In the case of foreign nationals, the IRS and State require mandatory withholding of 35% of the value of the item. In the event the sponsor plans to pay for the added cost of the tax withholding, the department should plan to pay an additional 53% of the value of the gift, prize, or award over the prize value.

Plan of Action for collection of additional taxes for Non-Resident Aliens:
○ **Additional cost will be covered by Department** ○ **Taxes will be collected from Recipient**

Additional Comments:

You have new mail on NotesHub/FHSU | Accounts Payable

GPA Approval Form

Director or Department Chair:

- Review the form
- Approve or deny the purchase of gifts

  If Denied-

  - Submitter will receive an e-mail indicating that the form was denied.
  - No purchases can be made.

  If Approved-

  - Form will move on to next approver.

Dean or other approver as required (may be same as line 1 if no other approver is required)

- Review the form
- Approve or deny the purchase of gifts

  If Denied-

  - Submitter will receive an e-mail indicating that the form was denied.
  - No purchases can be made.

  If Approved-

  - Form will move on to next approver.

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Provost or Vice President for Student Affairs:

- Review the form
- Approve or deny the purchase of gifts

  If Denied-
  - Submitter will receive an e-mail indicating that the form was denied.
  - No purchases can be made.

  If Approved-
  - Form will move on to next approver.

Vice President for Administration and Finance(VPAF):

- Review the form
- Approve or deny the purchase of gifts
- Determine whether W9/W8Ben forms must be submitted

FORT HAYS STATE UNIVERSITY
GIFTS, PRIZES, AND AWARDS
APPROVAL FORM

*** VPAF USE ONLY ***

EVENT NUMBER:	
W9/W8BEN Required:	◉ Yes ○ No (If yes, W9 or W8BEN must be collected)
Comments:	

*** VPAF USE ONLY ***

GPA Approval Form

Purchasing:

- Review the form
- Assign an Event Number

FORT HAYS STATE UNIVERSITY
GIFTS, PRIZES, AND AWARDS
APPROVAL FORM

*** VPAF USE ONLY ***

EVENT NUMBER:	EVT120001
W9/W8BEN Required:	Yes No (If yes, W9 or W8BEN must be collected)
Comments:	

*** VPAF USE ONLY ***

APPROVAL CYCLE IS COMPLETE:
When the approval cycle is complete, the Submitter will receive an e-mail stating whether the purchase is:

- Denied
- Approved

Denied

- Purchase may not be made
- Open the Gifts, Prizes, & Awards Approval form and review the comments in the VPAF section

Approved

- Review VPAF section of the Gifts, Prizes & Awards Approval Form
  - **Event Number**-this number must be written on the bottom left hand corner of **ALL** documents sent to the business office(receipts/PO's/W9/W8BEN forms) and also entered on the Gifts, Prizes, & Awards Recipient Form
    - Include all other required information(PO#/Bank ID etc.)
  - **W9/W8BEN Required**-Review this section to see if W9/W8BENs must be collected

W9/W8BEN Required--NO

- Proceed with making purchase.
- Write EVENT NUMBER on the bottom left corner of each invoice/receipt and send to the Business Office as purchases are made.
- W9/W8BEN forms do not need to be collected.
- Gifts, Prizes, & Awards Recipient Form does not need to be completed.

W9/W8BEN Required--YES

Forms are available on the FHSU Web: http//www.fhsu.edu/bus_off/w-9-or-w8ben/

- Proceed with making purchase.
- Start the Gifts, Prizes & Awards Recipient Form in Lotus Notes Workflow.
  - Update the Gifts, Prizes & Awards Recipient Form as purchases are made.
    - Write EVENT NUMBER on the bottom left corner of each invoice/receipt and send to the Business Office as purchases are made.
- Prior to giving the Gift, Prize or Award, the following steps should be completed:
  - Provide each prize recipient with the Acknowledgement form to be signed & returned to Event Host.
    - If U.S. citizen (or resident alien), give IRS Form W-9 form to recipient for completion and signature. Upon receipt of signed Form W-9, prize can be released.

GPA Approval Form

- If prize recipient is a non-U.S. citizen:
  - Instruct recipient to contact Student Fiscal Services at 628-4499 to complete nonresident alien tax compliance forms. Do not release prize at this time.
  - Student Fiscal Services will obtain signed documentation from prize recipient and contact Event Host to pick up documents once they are complete.
  - Student Fiscal Services will also notify Event Host if withholding tax is required from non-US citizens.
  - Event Host/Department collects tax , if required, (35% of value of prize) from prize recipient (if paying by check, payable to "Fort Hays State University");
    - Submit tax with deposit slip
      - IFAS Acct for tax withholding only: Org Key 6231122510; Object Code 469090
      - Description on deposit slip: "Event number-{last name of recipient}"

GPA Approval Form

- If Student Activity account is paying tax, prepare PR for the amount of the tax.
  - Submit PO Status Long form with deposit slip to the business office
    - IFAS Acct for tax withholding only: Org Key 6231122510; Object Code 469090
    - Description on deposit slip: "Event number-{last name of recipient}"
- If Department/State account is paying tax, submit Interfund Request Form
    - Tax withholding only: Org Key 6231122510; Object Code 469090
    - Description on Interfund Request Form: "Event number-{last name of recipient}"

GPA Approval Form

- Keep all W9/W8BEN forms in a secure location until they are hand-delivered to the Business Office.
- Hand-deliver W9/W8BEN and Acknowledgement forms to the Business Office as soon as possible.
  - Reminder – Write Event Number on bottom left corner before delivering
- Do NOT keep copies of these forms

Employee / W-2 Tax liability

Employee Tax Liability

In the event that a state employee (faculty, staff, or student) receives a prize by random draw, (Gifts, prizes, awards may not be purchased with the intent to give them to an employee.)and a W9 or W8BEN is required per the Gift, Prize, Awards Approval form:

- The value of the prize will be reported by Accounts Payable to the Personnel Office.
- The amount will be added to the employee wages on the following pay period and taxes may be deducted from their paycheck.
- The Org Key to be charged for fringe benefits will be assigned on the Gifts, Prizes, and Awards Recipient Form. The fringe benefits will be deducted from the department on the following pay period.
    - Org Key provided must be a State account. Departments may reimburse the state account with Student Activity funds through a PR.

W8BEN/Tax Withholding for Nonresident Aliens

W8-Ben Forms

W8-BEN must be obtained from Nonresident Aliens.*

Student Fiscal Services will assist FHSU students with obtaining a federal tax identification number, and completing the IRS form W8-BEN but it is ultimately the students responsibility to obtain this number and complete the form.

NO PRIZE MAY BE GIVEN UNTIL THE APPRORIATE TAX FORMS ARE COMPLETED AND ANY APPLICABLE TAX WITHOLDING IS PAID.

Tax Withholding

		Department Cost	Recipient Cost	Reportable Amount
Tax collected from Recipient				
Value of prize given to recipient		40.00	-	40.00
Federal tax collected	30%	-	12.00	-
State tax collected	5%	-	2.00	-
Total		40.00	14.00	**40.00**
Tax paid by department				
Calculation of stepped up basis				
Value of Prize		40.00		
Divided by (1 - (30% + 5%))		0.65		
Taxable basis of prize		61.54		
Value of Prize		40.00	-	40.00
Federal tax paid (61.54 * 30%)	30%	18.46	-	18.46
State tax paid (61.54 * 5%)	5%	3.08	-	3.08
Total		61.54	-	**61.54**
Additional cost for taxes paid				21.54
% increase in cost for taxes paid				53.85%

Gifts, Prizes, and Awards Recipient Form

GPA Recipient Form

Fiscal Year: 12 Submitted by: Tawnya Rohr Approved by: None Next Approver:

This field will automatically fill in date the form is started.

Fort Hays State University

Gifts, Prizes, or Awards Recipients

If an employee Wins a prize, fringe benefits must be paid. Provide the Org Key to be charged.

Date: 11/03/2011

Org Key to charge fringe benefits to **(must be state account)**:

Event Number:

View the GPA Approval form to obtain this number. This field is required.

Person responsible for collecting W9/W8BEN:

Phone #:

Needed in case there are questions about the forms.

Date gift, prize, or award was/will be given:

This is the date of the event where items are given.

Provide the following information for the gift, prize, or award recipients:
If more than 25 recipients or 5 vendors, complete an additional form.

Each purchase will be listed on the form by vendor/receipt.

			Enter Vendor Names Below						
			Vendor Name						
		SMART ID	PO #/Bank ID						
Recipient Name	Is this a state employee	(for B.O. use only)							Total
	yes no			$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	yes no			$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	yes no			$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	yes no			$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	yes no			$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	yes no			$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	yes no			$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	yes no			$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	yes no			$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	yes no			$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

Indicates how the purchase was made and indicates if additional receipts need scanned into the form.

Enter the dollar amount of each purchase for the recipient.

GPA Recipient Form

The Gifts, Prizes & Awards Recipient form will replace the Prize Recipient Form.

This will be a working document that must be started prior to sending the first invoice/receipt to the business office.

- make sure the Event Number is written on all documentation sent to the business office.

Anytime additional purchases are made the form must be updated by the department.

Submit the Gifts, Prizes & Awards Recipient form for approval only after the event has taken place, W9/W8BEN forms have been collected and hand delivered to the Business Office.

Promotional Items

Promotional items

- Tangible goods advertising Fort Hays State University
- Given to a group of individuals
- Purchased in bulk
- Specific recipients are not known at the time of purchase

****Promotional items may not be purchased with the intention of giving them to employees.**

The items must have Fort Hays State University and/or a FHSU department logo on it.

The logo must be approved by University Relations.

Purchase of promotional items through PR

When submitting an IFAS PR to pay an invoice for the purchase of promotional items, the Print After Notes **MUST** contain the following information:

- Name of event (if applicable)
- Purpose of purchase
- Intended recipients
- Rationale for quantity purchased if less than 100
- How and when will items be distributed
- Logo approved by University Relations

If this information is missing from the PR/PO, Accounts Payable will have to delay payment to the vendor until information is obtained from the department.

Purchase of promotional items through P-card

When purchasing promotional items using a P-card, the following information **MUST** be written on the receipt/invoice:

- Name of event (if applicable)
- Purpose of purchase
- Intended recipients
- Rationale for quantity purchased if less than 100
- How and when will items be distributed
- Logo approved by University Relations

If there is not enough blank space on the receipt/invoice to include this information, attach additional document with required information. Do not write this information on the back of the receipt.

If this information is missing from the P-card receipt/invoice, Accounts Payable will have to delay approval of the transaction in IntelliLink until information is obtained from the department.

Additional Resources

Websites

web site for the Policies, Procedures, and Templates:
http://www.fhsu.edu/purchasing/policies-procedures-and-templates/ . . .

Activity Account:
Gifts, Prizes, and Awards
http://www.fhsu.edu/purchasing/AA-Gift/

State Account:
Gifts, Prizes, and Awards
http://www.fhsu.edu/purchasing/State-Gifts-Prizes-and-Awards/

Promotional Items
http://www.fhsu.edu/purchasing/State-Promotional-Items/

QUESTIONS?