

<b>Policy Title</b>	Gift Card Policy
<b>Policy Holder</b>	Financial Services – Senior Director and Manager
<b>Policy Approver(s)</b>	Senior Team
<b>Related Policies</b>	Ch2-s1-05 <a href="#">Honorarium</a> Ch2-s2-06 <a href="#">Corporate Card Policy</a>
<b>Related Procedures</b>	Ch2-s1-10 <a href="#">Gift Card Procedure</a>
<b>Appendices</b>	
<b>Storage Location</b>	Website - <a href="https://www.confederationcollege.ca/policies-and-procedures">https://www.confederationcollege.ca/policies-and-procedures</a>
<b>Effective Date</b>	2020-11-03
<b>Next Review Date</b>	2023-03-29

## Purpose

The purpose of this policy is to provide guidance as to when gift cards purchased with college funds may be allowable and the potential tax implications to the recipient.

## Scope

This policy applies to all full time and part time faculty, staff and students of Confederation College.

## Definitions

**Award** – An item given to an employee for an employment-related accomplishment such as outstanding service, or employees' suggestions, or meeting or exceeding safety standards. It is recognition of an employee's overall contribution to the workplace, not recognition of job performance.

**BPS** – Broder Public Sector

**CRA** – Canada Revenue Agency

**E-Gift Cards** – E-Gift Cards (or electronic gift cards) work just like regular gift Cards, except a digital card with a code is emailed to the recipient.

**Gift** – Examples: An item given to a speaker at an event or to an employee on a special occasion such as a religious holiday, a birthday, a wedding, or the birth of a child.

**Gift Cards** – A prepaid [stored-value money card](#), usually issued by a [retailer](#) or [bank](#), to be used as an alternative to cash for purchases within a particular store or related businesses. Examples of gift cards include:

- Anywhere/anytime cash such as Visa, MasterCard, etc.
- Store gift certificates or cards that are redeemable for a large variety of commodities, such as Walmart or grocery store gift cards
- Gift cards or gift certificates to restaurants
- Gift cards to the College Bookstore
- Virtual gift cards such as Amazon

Paper gift certificates are considered the same as gift cards.

**Gift Card Log** – Log to record gift card information required by the Finance Department to be able to issue applicable tax forms, if required. Log should include gift card number, payee name or participant ID.

**Honorarium** – The CRA does support the notion of small payments that are not subject to the usual tax rules under employment income or business income. The criteria for these payments include:

- They are nominal - \$500 or less in a calendar year;
- They are made to an individual for voluntary services for which fees are not legally or traditionally required;
- They are not reflective of the value of the work done;
- They are made on a one-time or non-routine basis to an individual as a “thank you”

**P-Card/Purchasing Card** – College issued procurement card for the purchase of day-to-day operating supplies (\$3,000 or less, plus HST)

## Governing Laws and Regulations

Gifts, awards and long-services awards:

<https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/benefits-allowances/gifts-awards-social-events/gifts-awards-long-service-awards.html>

Cash or near-cash gifts or awards:

<https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/benefits-allowances/gifts-awards-social-events/gifts-awards-outside-policy.html>

## Policy Statements

College purchased gift cards, regardless of the value, are considered cash equivalents by CRA and are subject to applicable tax reporting. Departments purchasing and distributing gift cards are responsible for compliance with CRA regulations as well as College and BPS policies and directives.

### 1. When Gift Cards May Be Purchased

1.1. Gift cards **should only be purchased under the following circumstances** and must have a value of \$50 or less per person per event. Awarding multiple gift cards exceeding the total of \$50 is not allowed. Gift cards may only be purchased under the following circumstances:

- 1.1.1 A gift card may be purchased if it is **not for a specific person**, but an event.
  - For example, a department may purchase a gift card/certificate as a door prize or for use as a participation incentive. The receipt for the purchase of the gift card must specify the purpose of the expense and nature of the event.
- 1.1.2 Gift cards may be purchased as a thank you for a volunteer as long as the volunteer is **not** a College employee, student, researcher, or a contractor currently under contract.
- 1.1.3 Gift cards may be purchased for approved research study participants. Disbursements of gift cards must be recorded in a log and include the participant's name. For possible tax reporting requirements, we advise that the research study have the study participant's address and social insurance number available in the event the study participant received \$500 or more in non-payroll payments from multiple College departments.
- 1.1.4 Gift cards to students for emergency situations may be purchased and distributed only by Financial Aid.
- 1.1.5 Gift cards may not be purchased in bulk in anticipation of potential use. The purchase of all gift cards must be connected to a specific approved event or initiative and only the specific number of gift cards related to this event of initiative, which has received preapproval, may be purchased.
- 1.1.6 Gift cards may be purchased for clients for applicable client supports (ie. NEW clients) provided the gift cards are for the exclusive purchase of those items for which the participants are entitled to receive under the funding agreement. Specific initiatives must be outlined and signed off by the applicable Dean and copied to Finance in advance of any gift card purchases.

In all cases where gift cards are purchased:

- Gift cards must be logged and tracked to individuals and/or clients for audit purposes
- Gift cards must be purchased using support dollars and not core operating dollars

- Gifts cards must be based on client needs and adhere to applicable funding requirements
- 1.1.7 Gift cards may **NOT** be purchased for Confederation College active employees, students researchers or consultants employed by the College or any government department.  
For example, a department may not purchase a gift card/certificate for an employee for achieving specific employment milestones or retirement.
  - 1.1.8 Gift cards may **NOT** be purchased as gifts for graduating students.
  - 1.1.9 Gift cards may **NOT** be purchased as holiday gifts or other gifts to employees or students.
  - 1.1.10 Gift cards may **NOT** be purchased to pay suppliers and consultants for goods and/or services received.
  - 1.1.11 Honorariums are a way of acknowledging external people who provide volunteer services or are guest speakers and are more appropriate than gift cards in certain situations. Please refer to Honorarium policy and procedure for more information. The total combined Honorarium and gift card awards cannot exceed \$500.00 in one year for an individual.

## Non-Compliance

Employees have the responsibility to follow policies and procedures regardless of their position and are required to report any situation where they are asked to violate policies. Individuals or those directing others must also adhere to policies and will be held responsible for their own behaviour and for the behaviour of persons reporting to them who have violated policies and procedures. Failure to comply with this policy and procedure may result in disciplinary action up to and including termination of employment for individuals found submitting or approving fraudulent expenditures, or causing financial loss, reputational damage and/or legal sanctions against the College.

## Revision History

Version	Change	Author	Date of Change
Ch2-s2-10 – Original		Financial Services - Senior Director and Manager	2020-10-03
Ch2-s2-10 – v2	Change to limits	VP Finance and Administration	2021-03-29
Ch2-s1-10 – v3	Non-Compliance wording	Senior Team	2022-01-25