

# Cash, Gift Certificates, and Non-Cash Gift Policy

## **Cash and Gift Certificates (any denomination)**

Gift certificates, regardless of dollar amount, are treated as taxable income to the recipient. Gift certificates are considered extra compensation for employees and will be reflected on their Form W-2's with taxes withheld as appropriate. For non-employees that are US citizens or permanent residents, income from gift certificates will be reflected on Form 1099 with no taxes withheld. For non-employees that are non-resident aliens, income from gift certificates will be reflected on Form 1042S with taxes withheld as appropriate.

## **Non-Cash Gifts**

Defined as a transfer for which the dominant motive is detached or disinterested generosity or affection, respect, admiration, charity or like impulses.

- Gifts given to individuals who have no Webster affiliation and have not performed services for Webster will generally be considered to result from disinterested generosity and have no income tax implications.
- Generally, gifts transferred between employees (with Webster funds) are not excludable from income as gifts, no matter what the motivation. Instead, transfers are viewed as recognition of the employee's employment and are generally treated as compensation regardless of dollar amount. This is true for independent contractors as well.

Note: However, non-cash gifts valued at less than \$25 will not be reported as compensation. These are considered De minimus Fringe Benefits whose value is too small to make tracking and reporting reasonable or administratively practical.