

# Gift Card Quick Guide



Recognition of contributions to University activities made with gift cards can have specific reporting requirements.

Appropriate use of gift cards may include non-employee contests, program referrals, survey respondents, study participants or, under certain circumstances, in lieu of a cash honorarium.

Gift cards are not intended to be used as gifts or for payments to employees as they are always considered to be a taxable benefit by CRA and the employee will be taxed on the income.

Special handling and administration must be undertaken to ensure cards are safeguarded and records acquisitions and disbursements are kept.

The intention is that gift cards are purchased and distributed as required; large quantities of cards should not be pre-purchased.

## Methods for purchasing gift cards

1. Reimbursable funds:  
Gift cards purchased personally are reimbursed using the [Business Expense Reimbursement](#) form. Proof of purchase will be required.

2. Web requisition:  
The purchase of larger quantities of gift cards can be arranged through Purchasing Services. Complete a web requisition and submit using the regular procurement process. Purchasing Services will then complete the purchase and

forward the gift cards to the requesting department.

3. Accountable advance:  
Under certain circumstances, an accountable advance may be issued to eligible staff or faculty members and can be used to purchase gift cards for specific programs or research projects.

Regardless of the purchase method, allow for processing time of at least two weeks for either Accounts Payable or Purchasing Services to complete your request.

Gift cards are not an eligible purchase using a UVic commercial card as they are on the [Restricted Item List](#).

## Tracking card distribution

The [Gift Card Distribution & Tracking](#) form has been developed to help reconcile the total gift cards purchased to the total gift cards distributed. The form can be used to identify gift card recipients for audit and tax reporting purposes.

## Submitting tracking information

If the gift cards were purchased using reimbursable funds, the completed [Gift Card Distribution & Tracking form](#) should be attached to a Business Expense Reimbursement form when submitting an expense claim to Accounts Payable.

To clear an accountable advance or web requisition purchase, the

completed [Gift Card Distribution & Tracking](#) form should be submitted to Accounts Payable as soon as possible after all of the gift cards have been distributed.

If some gift cards remain undistributed in the department as of December 1<sup>st</sup>, please submit tracking forms reflecting all gift cards that have been distributed as of that date in order to ensure proper calendar year-end reporting.

### **Safeguarding the gift cards**

Gift cards are equivalent to cash and they should be safeguarded accordingly. In addition to maintenance of records of gift card recipients, the issuing department is responsible for ensuring that gift cards are kept in a secure, locked location prior to distribution.

### **Gift cards for employees**

Gift cards should not normally be provided to employees. They can only be used in exceptional circumstances when approved by a Dean, Executive Director or higher authority.

As per CRA regulations, gift cards are considered a taxable benefit regardless of amount paid or reason for payment, including long service or retirement gifts.

Accounts Payable will forward information to Payroll for any gift cards distributed to employees so that the card amount can be included in the employee's taxable

income. The applicable statutory deductions will be taken in the next available pay period.

### **Gift cards for non-employees**

If the total annual value of all remuneration to a non-employee is more than \$500, the individual will receive a T4A from UVic. This total includes all payments made to an individual regardless of payment method, including cash, cheque and gift card. To ensure that Accounts Payable has access to the necessary information, the SIN number of the recipient must be collected for any gift card payment over \$100 in value.

### **Contests and prize draws**

Gift cards are frequently given as prizes in draws or contests. If all entrants have the same chance of winning the draw or contest, CRA doesn't require any tax reporting. If the value of the prize is more than \$25, the issuing department should complete and submit the [Gift Card Distribution & Tracking](#) form to confirm distribution to the winner.

### **Gift cards for Research purposes**

The Principal Investigator (PI) or his/her delegate in charge of the research project or study is responsible for the safeguarding and distribution of gift cards used to remunerate study participants. They are also responsible for

submitting the completed [Gift Card Distribution & Tracking](#) form when all cards have been distributed.

When confidentiality of research participants is required, the [Gift Card Distribution & Tracking](#) form can be used to record the confidential identifier number, in the place of recipient name.

For any participants who receive more than \$500, regardless of the payment method, in any given calendar year, it is the PI's responsibility to ensure that the participants' name, SIN, permanent mailing address and payment information is submitted to Accounts Payable by December 1<sup>st</sup> for T4A tax reporting.

The full records of all participants receiving gift cards, including name, SIN, permanent mailing address and payment information must be kept by the PI in a secure location for a period of at least seven years in accordance with the policy for the retention of financial records and may be audited periodically.

**For more information, please contact Accounts Payable at 250-472-4525 or [askacct@uvic.ca](mailto:askacct@uvic.ca)**