

**University of New Mexico**

**UNM Taxation Issues**

<http://www.unm.edu/~taxweb/>

**Payments for Services, Awards & Participant Fees  
Using**

**Gift Cards of any value or Items-with a  
Fair Market Value (FMV) over \$75**

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US and Foreign National Payees

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# Payments for Services, Awards & Participant Fees - outside of Banner

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- # If the sum of the cash paid and the fair market value of items awarded, for any one person or entity, within one calendar year, totals \$600 or more, it is required to be reported to the IRS along with payee's name, address, and their Social Security Number (SSN) or Taxpayer Identification Number (TIN).
- # For UNM, an individual's \$600 thresh-hold must be analyzed by adding up the payments/awards- *from all UNM Departments.*

# Payments for Services, Awards & Participant Fees - outside of Banner

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- Per federal tax regulations, gift cards are the same as cash.

# Payments for Services, Awards & Participant Fees - outside of Banner

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- # UAPP 2480 Participant Fees - UNM Departments may use the same procedures and form in this policy to report payments for services and awards.

# Payments for Services, Awards & Participant Fees - outside of Banner

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- # For payments or awards of cash or gift cards, of any value:
- # A signed receipt should be always be obtained to verify that the funds were disbursed.
- # An attempt should be made to get payee information for any amount.
- # Reporting, as outlined in UAPP 2480, is required for any amount over \$25.
- # For amounts \$25 and under, in cash or gift cards, reporting is still expected, but an exception will be allowed in the event of documented study confidentiality requirements.
- # Payments of any items, like gift baskets, with a fair market value in excess of \$75.00, must be reported.

# Payments for Services, Awards & Participant Fees - outside of Banner

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- # Payments for services, awards & participant fees to Foreign Nationals, who are not UNM employees or student employees; there is no \$ threshold. Required 30% tax withholding and reporting applies.
- # When the payment is a gift card of any value or item valued over \$75, the tax liability percentage needs to be grossed up, since withholding is not feasible. The grossed-up percentage is 42.857% . And the department will be charged separately for the tax due.
- # Foreign Nationals who are UNM employees or student employees, no withholding is required up-front and their information needs to be sent to Payroll Department.

# Payments for Services, Awards & Participant Fees - outside of Banner

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- Gift Card Example-Paid to Foreign National (FN):
  - \$100.00 gift card awarded to FN who is not employed by UNM.
  - Tax, grossed up, in the amount of \$42.86, or 42.857% of \$100.00, will be charged to applicable index, provided by the awarding department, via a Banner JV prepared by Taxation staff.
  - Info needed: Name, Address, SSN or TIN (if they have one), Country of Citizenship, Amount, and applicable index. (UAPP 2480 form should be sent to Taxation.)

## 5. Confidentiality

Departments are responsible for complying with the Health Insurance Portability and Accountability Act (HIPAA), the Family Educational Rights and Privacy Act (FERPA), and other relevant laws and regulations pertaining to confidential information. Do not include any protected information when reporting the information required in Section 3. herein; however, departments are responsible for maintaining all required supporting information in the appropriate files documenting incentives paid to participants.



# Payments for Services, Awards & Participant Fees - outside of Banner

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If a confidential study falls under IRB (HIPAA, FERPA) regulations that hamper the tax reporting, please contact Taxation staff for an alternative means for providing the required information.

There is no exemption from IRS tax reporting regulations.

## UAPP 2480

### INCENTIVES TO PROGRAM PARTICIPANTS (continued)

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3.

[Click here](#) to print off a form that can be used for gathering the required information. The form is also available from the applicable accounting office. Within two (2) weeks after the program or event is completed, the principal investigator must report this information to accounting using the computer application found on the Financial Services website. [Click here](#) to be directed to the computer application.

*(“Click here” is where the form is located.)*

# UAPP 2480

## INCENTIVES TO PROGRAM PARTICIPANTS

(continued)

### 3. Required Documentation

The following information should be collected from each participant before the incentive is granted:

Name, social security number\*, and address of the participant.

Participant's signature acknowledging the receipt of the incentive and that the value of the incentive may be reported to the Internal Revenue Service (IRS).

Date incentive was provided to the participant.

Fair market value of the incentive.

\*This information must be protected in accordance with [Policy 2030, "Social Security Numbers," UBP](#).

# UAPP 2480

## INCENTIVES TO PROGRAM PARTICIPANTS (continued)

### UAPP 2480 form

Date Incentive was Received	Last Name	First Name	Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN)	Fair Market Value of Incentive	DPEZ	How Was This Paid?			Address, City, State, Zip
						Petty Cash	Gift Card	S=Supplies, E=Minor Equipment, M=Materials, C=Conference L=Lobo Cash	

(Note: if the recipient has a Banner ID, there is no need to get a Social Security Number.)

# Payments for Services, Awards & Participant Fees - outside of Banner

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- # US Persons, who are not UNM employees or student employees : the form UAPP 2480 form should be sent to Accounts Payable.
- # UNM employees or student employees receiving such payments, must follow guidelines outlined in UAPP 3235 Staff Recognition Programs, and the UAPP 2480 form should be sent to Payroll Department.
- # Foreign nationals – the UAPP 2480 form should be sent to Taxation.

# Payments for Services, Awards & Participant Fees - outside of Banner

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Please see Taxation's website for more information

<http://www.unm.edu/~taxweb>

## Payments for Services, Awards & Participant Fees - outside of Banner

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If you have any UNM tax questions, please contact Taxation staff.

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