

Gift Card Guidelines

Employees:

Any cash, even a very small amount, is taxable according to federal law. All gift cards are considered cash equivalent, and therefore, taxable income for employees.

CTK allows gift cards for employee achievement awards, such as a service anniversary.

If you choose to proceed with giving a gift card to an employee, understanding that it will be taxable income for the individual, email Jen Roorda at jenr@ctk.church so she can include it on their W-2 earnings.

Here are some alternative ideas for gifting employees:

- Birthday, sympathy, and holiday gifts with a low market value like flowers, books, or food baskets. Holiday parties, group meals, or celebratory get-togethers.

Volunteers:

According to federal law, a gift card is taxable income to anyone receiving it, but it is the responsibility of the person/volunteer receiving the card to report it on their tax return.

If the annual total of gift(s) is \$100 or greater, the recipient is seen as an employee. The church then becomes responsible for reporting the recipient's income and payroll tax withholding for the recipient on a Form 941 and a Form W-2. Form 1099 is required if the person(s)/volunteers receive compensation of \$600 or more during the year.

CTK allows gift cards for volunteer appreciation up to \$75 per year, as follows:

- \$5 (Woods)
- \$15 (Jimmy John's)
- \$25 (Amazon)

Any gift card above \$25 requires special approval by your supervisor and Finance.

Process:

To centralize tracking and ensure volunteers do not meet or exceed the annual threshold, all gift cards must be requested from and purchased by Finance.

If you choose to proceed with giving a gift card to an employee or volunteer, submit a *Gift Card Request* Jotform through the staff portal.