

Business Requirements

This procedure provides guidance and direction for the purchasing and accounting of gift cards to meet the needs of the research community, minimize the administrative burden, and comply with federal and tax reporting requirements.

Prior to conducting the research and offering participant incentives the research must be approved by the Institutional Review Board (IRB) conducted at Florida International University.

1. Stakeholders & Business Units

Principal Investigators and others conducting research, Grants Managers, Departmental Finance Managers, Office of Sponsored Research, Office of the Controller.

2. Purpose and Use of Gift Cards

A. The University often conducts research where there is a requirement to obtain participation and/or collect information from participants. Researchers frequently find it necessary to offer incentives in order to obtain sufficient participation. Gift cards may be used within the established guidelines to facilitate making payments to participants in research studies. These incentives are subject to Internal Revenue tax laws and there are specific rules that must be followed in order for the University to remain in compliance.

Gift Cards are for the sole purpose of participant payments and cannot be used to pay trade suppliers for goods and/or services received and/or rendered or pay any type of wages for services rendered.

3. Who Can Receive Payments, Payment Limitations, and Required Documentation

Florida International University is responsible for maintaining compliance with both the letter and intent of all federal, state and local laws. The Internal Revenue Service (IRS) considers gift cards as “cash or cash equivalents” and therefore the receipt of a gift card by a participant is treated the same as the receipt of cash. The participant’s U.S. residency status and relationship with the University will determine the tax reporting and documentation requirements needed.

US Person (US Citizen or US Resident)

The University is responsible for compliance with Internal Revenue Service (IRS) requirements for information reporting. Current IRS regulations require that cumulative annual payments greater than \$600 to an individual must be reported on form 1099-MISC. Other special reporting rules apply to employees or nonresident aliens (NRAs). In complying with this reporting requirement, the University has established a threshold for the collection of taxpayer identification information for non-University employees and non-NRAs.

If a single study subject payment exceeds \$75 or cumulative study subject payments to an individual during the calendar year are expected to exceed \$150, the following taxpayer information should be obtained by the gift card custodian and forwarded to Tax Compliance Services in the Controller’s office.

The participant must complete and sign IRS Form W-9, which includes the following information:

- the full legal name of the participant
- the participant's Social Security Number
- the participants permanent address (not a work address)
- the participants signature & date

The gift card custodian must also provide Tax Compliance with the payment date and the amount of the gift card. The IRS Form W-9 contains confidential taxpayer information and should not be emailed, instead the documents should be delivered to Tax Compliance (CSC314 or CSC317).

Non-resident Alien (NRA) – not allowed

All payments to NRA's, including participant payments, are subject to a 30% federal income tax withholding requirement. There is no minimum threshold amount and the full 30% withholding is applicable regardless of the value of the payment made to an NRA (even \$1 will trigger tax). **Therefore, NRAs cannot be paid with a gift card for their participation as there is no way to withhold the 30% tax from a gift card.** Participant payments to NRA's must be paid via Payment Services.

University Employee

If the study subject is a Florida International University employee, the taxpayer information must be collected and the payment information must be reported to the University Payroll Department. The amounts received will be reported as additional compensation on the employee's W-2 form.

4. Process to Purchase Gift Cards

A. Purchasing Gift Cards from Vendors that Accept Purchase Orders

The Purchasing Services team has negotiated with the following vendors to accept PO's for gift cards. These are the recognized approved vendors and every attempt should be to use these vendors. Use of any other vendor requires prior approval from Purchasing Services.

- Publix
- Target
- Wal-Mart
- Starbucks
- Amazon

1. The Principal Investigator (PI) or designee will complete (a) a [Gift Card Request Form](#), (b) along with an online Requisition and submit for approval when completed in PeopleSoft (select the vendor from whom they will be purchasing the gift cards and include purpose of the gift cards in the Header Comments section of the Requisition, and (3) scan a copy of the [IRB protocol document](#) and [Gift Card Request Form](#) and attach to the Requisition approving the purchase of gift cards. Gift cards should be requested to cover disbursements for a 30-day period to avoid excess gift cards at the end of the program period.
2. Payment Services will process & dispatch the PO. A copy of the PO along with the [IRB protocol document](#) & [Gift Card Request Form](#) will be sent to Accounts Payable.
3. Payment Services will send payment to vendor. Once payment has cleared, vendor will ship gift cards to Purchasing Services.
4. Purchasing Services will notify PI or designee when the gift cards have arrived. Gift cards can be picked up at the CSC building on the 4th floor.
5. PI or designee must obtain original invoice/receipt from the Vendor and submit within 1 day to Payment Services so that it can be attached to the voucher documentation.

Office of the Controller

B. Purchasing Gift Cards from Vendors that do not Accept Purchase Orders

In limited circumstances with proper justification a vendor that is not on the approved list can be used to purchase gift cards.

1. PI or designee will complete the [Gift Card Request Form](#) including justification for not using an approved vendor and submit the form to Purchasing Services.
2. Purchasing Services will purchase gift cards from the requested Vendor.
3. Purchasing Services will contact PI or designee to pick up cards in Purchasing Services.
4. The PI or designee will pick up gift cards in Purchasing Services, and sign and date the original invoice/receipt(s).

5. Requirement for Maintaining and Distributing Cards

Gift cards are the same as cash and must be handled accordingly; ensuring adequate controls are in place to safeguard, store, and prevent loss. PIs and their designees are required to appropriately safeguard, account for and document all gift cards. Until disbursed, cards should be maintained in a secure, locked device or some other location appropriately approved by the Office of the Controller for money storage.

The following procedures are required for disbursing and accounting for gift cards:

1. All gift cards distributed must use the [Gift Card Distribution Log](#) to control and account for all gift cards distributed to Participants.
2. [Gift Card Distribution Log](#) must be kept together with the gift cards pending disbursement in a secured, locked boxed or some other location appropriately approved by the Office of the Controller for money storage.
3. Monthly and at year end, the PI or designee must perform a reconciliation of all gift cards purchased using a [Gift Card Reconciliation Form](#). The reconciliation should verify the physical gift cards against the [Gift Card Distribution Log](#), to verify that all gift cards purchased are either still present or have proof of distribution. Any discrepancies must be logged on the [Gift Card Distribution Log](#) and brought to the attention of General Accounting. Upon reconciliation, the PI should sign and date the [Gift Card Reconciliation Form](#) and submit a copy to the Office of the Controller.

6. Acronyms Used

- PI - Principal Investigator
- OOTC – Office of the Controller
- IRB – Institutional Review Board
- PO – Purchase Order

7. Forms & Related Policies

Forms can be obtained by going to the OOTC websites at <http://finance.fiu.edu/controller/index.html>

- [Gift Card Request Form](#)
- [Gift Card Distribution Log](#)
- [Gift Card Reconciliation Form](#)
- Entering a Requisition

Related Policy: Payments to Research Participants