

Lafayette College
Tax Treatment for Prizes and Awards
Updated 7/17/2013

In compliance with IRS regulations, Lafayette College's process for the tax reporting and treatment of prizes and awards is outlined below.

Cash Equivalent Prizes and Awards

Cash equivalent prizes and awards include all non-cash prizes and awards such as gift cards, books, technology items, clothing or tickets to an athletic event, including both Lafayette and non-Lafayette events. Cash equivalent prizes and awards are treated as cash prizes and awards with this policy.

Tax Reporting of Prizes and Awards

Prizes and awards are not subject to tax reporting and withholding when the value of gift is deemed to be de minimis. The IRS has ruled that the determination of de minimis depends on various factors and circumstances. The College deems any single prize or award with a value of \$100 or less to be considered de minimis and not subject to withholding or tax reporting. Multiple prizes and awards that are similar will be aggregated and treated as a single prize or award when determining the applicability of the College's de minimis threshold.

Tax Reporting and Withholding for Non-Student Employee Recipients

If a non-student employee (see rules for student employees below) receives a prize or award of more than \$100 it will be reported in the employee's next paycheck and the appropriate taxes will be withheld at that time and the amount reported on the employee's year end W-2.

Tax Reporting and Withholding for Students and Student Employees

If a student receives prizes or awards that are not associated with that student's employment at the college and they total less than \$600, the prizes and awards will not be subject to tax reporting. If the student receives non-compensation related payments, including prizes and awards, of \$600 or more during a calendar year, the total amount for the year will be reported on IRS Form 1099-Miscellaneous at the end of the calendar year.

If a student receives a prize or award that is related to their student employment at the College and the total exceeds \$100, the amount will be reported in the student's next paycheck and the appropriate taxes will be withheld at that time and reported on the year end W-2.

Reminders for Processing Prizes and Awards

To help ensure accurate and timely processing, a list of the prizes and awards that is approved by the Division Head must be submitted to the Controller's Office at least three weeks prior to the awarding of the prize or award. This list should include:

- The first and last name of the recipient,
- The "L-Number" or Lafayette ID of the employee or student,
- The dollar amount or value of any non-cash prize or award to be paid, and
- The appropriate Banner account to charge.

For additional information, or to inquire about something not covered above, please contact the Controller's Office at 330-5136.