



The Policy is currently under review due to new CRA Guidelines on gifts, awards, and long-service awards effective January 1, 2022. If you are contemplating providing gifts, awards or rewards under this Policy please consult the FIPS department.

Gift Cards, Gifts and Awards

Definition of gift cards

For the purpose of this policy gift cards include physical and electronic gift cards, gift certificates and prepaid cards issued by financial institutions to certain payment card networks (e.g. Visa, MasterCard, etc.).

Gift Cards (unlike actual gifts) are generally considered taxable benefits, because they are similar to cash.

The **Canada Revenue Agency administrative policy** on gifts must be adhered to.

Note: this policy was updated as of January 1, 2022 and includes changes to tracking and taxability of gifts and gift cards.

If the gift card is deemed “near-cash” the department managers/supervisors must contact UTM Payroll and provide the name of the recipient and the value of the card to ensure the taxable benefit is assessed.

Gift Cards, Physical Gifts, Awards and Job Performance Recognition

P cards should not be used to purchase gift cards. Receipts for Gift Cards must include a list of names of the recipients or written confirmation from the recipients that they received the gift card as part of the expense claim. For taxable items, the department must obtain and submit to UTM Payroll the HRIS Taxable Benefit form.

An advantage of using True Blue recognition system instead of gift cards is that central HR department completes and submits the T4 form for the recipient.

Taxability

Item	Defined as	Is it taxable?	Examples
Near-cash Gifts	Any gift that can be easily converted to cash	Always	<ul style="list-style-type: none"> • Gift Cards • Points on the True Blue Platform • Prepaid card (e.g Visa, MasterCard, etc.) • Digital currency

			<ul style="list-style-type: none"> • Reimbursement, where an employee selects and purchases their own gift
Physical Gifts	Something for a special occasion, such as a religious holiday, wedding, etc.	Totaling under \$500 (incl. tax) per year are exempt – <i>please see CRA administrative policy</i>	<ul style="list-style-type: none"> • Holiday Gift Basket • Vase • Voucher •
Awards	Formal process of recognition of an employee’s overall contribution to the workplace.	Totaling under \$500 (incl. tax) per year are exempt – <i>please see CRA administrative policy</i>	<ul style="list-style-type: none"> • Chancellor’s Awards • Divisional Staff Awards
Job Performance Recognition	Informal process for rewarding employees for the caliber of their work.	Always	<ul style="list-style-type: none"> • One Time Only (OTO) payments

Canada Revenue Agency (CRA) Administrative Policy on Gifts, Awards and Long-service Awards

CRA has an administrative policy that exempts physical gifts and awards in some cases:

- Physical gifts and awards that, in total, are less than \$500 (incl. tax) per year are not taxable
- For physical gifts and awards that, in total, exceed \$500 (incl. tax) per year, the amount above \$500 is a taxable benefit

Items of small or trivial value (for example: mugs, T-shirts with employer logo, etc.) do not have to be included when calculating the \$500 limit.

Gift Cards used as a method of payment for goods or services:

One of the key principles of the University’s reimbursement policy is that out of pocket expenses are reimbursable if they are spent only in the pursuit of University business. The availability and desired use of gift cards can impact a claimant purchasing and vendor selection decisions. Therefore, purchases made using gift cards as payment cannot be reimbursed.

Note 1: Non-cash gift card conditions- <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/benefits-allowances/gifts-awards-social-events/gifts-awards-long-service-awards.html#new>