

**Gift Cards**

Gift Cards Gift cards (unlike actual gifts) are taxable benefits because they are similar to cash. 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. P cards should not be used to purchase gift cards. The list of recipients who received the gift cards should be attached to the expense reimbursement.

# 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. For taxable items, the department must obtain and submit to UTM Payroll the HRIS Taxable Benefit form.

Note an advantage of True Blue over gift cards is that central HR completes and submits the T4A form for you. If the recipient has received a total of less than $500 from all sources at U of T, a T4A form is not required.

**Taxability**

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| --- | --- | --- | --- |
| **Item** | **Defined as** | **Is it taxable?** | **Examples** |
| **Near- cash Gifts** | Any gift that can be easily converted to cash | Always | * Gift Cards * Points on the True Blue Platform |
| **Physical Gifts** | Something for a special occasion, such as a religious holiday, wedding, etc. | Totaling under $500 per year **are** exempt – *please see administrative policy* | * Holiday Gift Basket * Vase * Voucher |
| **Awards** | Formal process of recognition of an employee’s overall contribution to the workplace. | Totaling under $500 per year **are** exempt – *please see administrative policy* | * Chancellor’s Awards * Divisional Staff Awards |
| **Job Performance Recognition** | Informal process for rewarding employees for the caliber of their work. | Always | * One Time Only (OTO) payments |

**Canada Revenue Agency (CRA) Administrative Policy**

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 per year are not taxable
* For physical gifts and awards that, in total, exceed $500 per year, the amount above $500 is a taxable benefit

# Examples of near-cash gifts, physical gifts and awards:

* A gift card that an employee can use to purchase whatever is available from the retailer, regardless of the cost, is a near-cash gift and therefore **is** a taxable benefit
* Points systems (e.g. True Blue) where an employee earns points and redeems them, regardless of the cost, **is** a taxable benefit
* A voucher that an employee can use to receive an item for a set value and no substitutes is generally considered to be a **non-cash gift** or award. Since there is no element of choice it is not a near-cash gift.

*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.*

For further clarity, if an individual receives a physical gift of $499 and then a gift card of $499, and no other remuneration from the University, a T4A is not required.

# 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.