

COLLEGE POLICY

Policy No. & Title: **C-418 Gift Cards for Employees**
Policy Sponsor: Vice President, Finance
Reference Cmtee: Policy & Procedure Committee
Effective: 2023-07-01
Next Review: 2026-07-31

Purpose

This policy outlines the guidelines for the issuance and use of gift cards to employees of our company.

Scope

This policy applies to all College employees.

Definitions

Gift Card – a prepaid card or certificate, which can be used to purchase goods or services from a specified vendor.

Canada Revenue Agency (CRA) - The Canada Revenue Agency is the revenue service of the Canadian federal government, and most provincial and territorial governments. The CRA collects taxes, administers tax law and policy, and delivers benefit programs and tax credits.

POLICY

- **Gift Cards:**
 - a) Gift cards may be awarded to employees as part of recognition programs, performance incentives, or other special occasions.
 - b) Gift cards should not be given to employees as a substitute for cash compensation or as a regular part of their compensation package.
 - c) Gifts and awards with a total value of \$500 or less are not required to be reported on the T4 slip, but employers are still responsible for tracking and complying with the annual limit. Employers must report the value of non-cash gifts given to employees on the employee's T4 slip if the Fair market value is greater than \$500.

- **CRA Requirements:**
 - a) Gift cards are considered non-cash if they come with money already on them and can only be used to purchase goods or services from a single retailer or a group of retailers identified on the card, the terms and conditions of the gift card clearly state that amounts loaded to the card cannot be converted into cash, and a log is kept recording gift card information.

- b) If the gift card meets these conditions, it is considered non-cash for the purpose of the CRA's administrative policy. If it does not meet these conditions, it is considered a near-cash benefit and is taxable.
 - c) The value of the benefit is equal to the combined total FMV of the gifts and awards provided in the year, and only amounts over the \$500 limit must be included in the employee's income.
- **Deduction Requirements:**
 - a) The College may deduct the cost of gift cards given to employees as a business expense, subject to certain limitations.
 - b) The cost of the gift card, including any applicable taxes, can be claimed as a deduction in the year in which it was given.

Supporting Documents/Forms
C-418p Gift Cards for Employees