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## Employee Gift Expenditure Procedure

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| <b>Policy Sponsor:</b>               | Vice President, Finance & Administration         |
| <b>Name of Parent Policy:</b>        | <a href="#">Employee Gift Expenditure Policy</a> |
| <b>Policy Contact:</b>               | Director, Financial Services                     |
| <b>Procedure Contact:</b>            | Manager, Financial Operations                    |
| <b>Effective Date of Procedures:</b> | January 22, 2015                                 |
| <b>Review Date:</b>                  | To be reviewed biennially                        |

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### **Purpose**

To outline the procedure to be adhered to with respect to Employee Gift expenditures.

### **Definitions**

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| <b>Account Holder</b>     | The individual employee who has delegated expenditure approval authority for expenditures against a specific budget or account.  |
| <b>Cash</b>               | Currency, cheques, money orders.   |
| <b>Departing Employee</b> | An employee who is leaving or has just left the employment of Athabasca University for a reason other than retirement.   |
| <b>Employee</b>           | An individual who performs services for AU under a contract of services, as defined by the Canada Revenue Agency (CRA) and the <i>Income Tax Act</i> . Departing Employees or Retiring Employees are included in the definition of Employee for the purposes of this policy. |



**Fair Market Value**

The price for which an item would be sold by a willing seller to a willing buyer in an arm's length transaction in an open market, each party having full knowledge of the facts.

**Family Member**

A person who does not deal at arm's length with the Employee, such as the Employee's spouse, partner, significant other, child or sibling.

**Gift**

An item purchased, using Athabasca University funds, and given to an individual in recognition of a special, unfortunate or celebratory event. A Gift given in substitution for an honorarium (gift in lieu of money) is considered a taxable benefit by the by Canada Revenue Agency (CRA).

**Near-cash Gifts**

Items that can easily be converted to cash, such as gift certificates, gift cards, pre-paid credit cards or travel vouchers.

**Non-cash Gifts**

Gifts that are not cash (currency, cheques, money orders) or Near-cash Gifts. Examples of appropriate Non-cash Gifts include Athabasca University logo items, mugs, flowers, fruit baskets and plaques.

**Retiring Employee**

An Employee who is leaving Athabasca University with sufficient service to have qualified for a pension.

**Taxable benefits**

Non-cash benefits provided to Employees (as well as persons not at arm's length to the Employee, such as the Employee's spouse, partner, child or sibling) by the employer in respect of, in the course of, or by virtue of employment. In general, the value of the benefits of any kind received by an Employee is taxable under the *Income Tax Act*, subject to a few exceptions.

**Taxable Gifts**

Gifts that result in employment income



(T4) or other income (T4A) to the individual recipient, as determined by Canada Revenue Agency (CRA) regulations.

### **Trivial Gifts**

Gifts that are not considered to be a taxable benefit and do not result in employment income as determined by Canada Revenue Agency (CRA) regulations. Examples include pins, mugs, hats, and T-shirts with employer logos, valued at less than \$25, and plaques or trophies.

### **University Funds**

Includes all sources of revenue directed to an account managed by Athabasca University. It includes grant funds awarded from both university and non-university sources, as well as funds awarded under the terms of contracts.

### **Procedure**

It is the responsibility of the Account Holder in the department initiating the Gift expenditure to ensure that the Gift is purchased and recorded in accordance with this procedure, its parent policy, the Purchasing Policy and the Travel and Expense Claim Policy.

#### **1. Acquisition/Purchase:**

- Gifts made to an Employee or Family Member that are valued at \$500 or less per transaction require appropriate Director or Dean approval on the Employee Gift Expenditure Form.
- Gifts made to an Employee or Family Member that are valued at more than \$500 per transaction require appropriate Executive Officer approval on the Employee Gift Expenditure Form.
- The purchase of Gifts as part of the University's formal employee service, anniversary, recognition or performance awards program, administered by Human Resources, require the approval of the Director, Human Resources.
- The Account Holder will ensure that all expenses and reimbursements related to the gift(s) are coded to the "Staff Appreciation/Recognition" account number 704801.



- The Account Holder will ensure that the Employee Gift Expenditure Form is completed and forwarded to Accounts Payable, Financial Services, along with the request for payment or reimbursement. An Employee Gift Expenditure Form is not required for Trivial Gifts.

## **2. Recording and Taxing Gifts to Employees**

- Financial Services will ensure that all requests for payment or reimbursement coded to the “Staff Appreciation/Recognition” account number 704801 are accompanied by the completed Employee Gift Expenditure Form for all non-trivial Gifts.
- Financial Services will prepare a Gifts to Employees Annual Report, by January 10th of the following calendar year, summarizing:
  - all Near-cash Gifts to Employees; and
  - all Non-cash Gifts to Employees with a cumulative annual total Fair Market Value per Employee in excess of \$500, for the respective calendar year.
- Gifts to Family Members will be considered to have been given directly to the respective Employee and, as such, will be included in the cumulative annual total Fair Market Value of Gifts given to that Employee.
- The Gifts to Employees Annual Report will be calculated as prescribed in the *Income Tax Act* and CRA Guidelines – T4130 Taxable Benefits and Allowances.
- A copy of the Gifts to Employees Annual Report will be forwarded to the Manager, Compensation and Benefits, by January 10th of the following calendar year.
- The Manager, Compensation and Benefits, will ensure that all Near-cash Gifts and Non-cash Gifts to Employees, with a cumulative annual total Fair Market Value per Employee that exceeds \$500 per Employee in a taxation year, are properly reported on the Employee’s T4 slip in accordance with Human Resource policies and CRA guidelines.

### **Applicable Legislation and Regulations**

[Alberta Post-secondary Learning Act](#)

[Alberta Freedom of Information and Protection of Privacy Act](#)

[Canada Revenue Agency Charity Regulations](#)

[Canada Revenue Agency Guidelines - T4130 Taxable Benefits and Allowances](#)

[Income Tax Act](#)



## **Related References, Policies, Procedures and Forms**

[Employee Gift Expenditure Policy](#)

[Employee Gift Expenditure Form](#)

[Delegation of Expenditure Approval Authority Policy](#)

[Purchasing Policy](#)

[Sponsorship, Donation and Non-Employee Gift Expenditure Policy](#)

[President's Award for Tutoring/Mentoring Excellence \(PATME\) Policy](#)

[President's Award for Research and Scholarly Excellence \(PARSE\)](#)

[Expense Reimbursement Policy](#)

## **History**

The Governors of Athabasca University, January 22, 2015, Motion # 194-04 (associated policy approved)