



Gifts to Employees and Nonemployees Summary of Changes and FAQ

Major Changes

- Increases the nontaxable threshold for employee gifts from \$75 to \$100
- Establishes a \$100 limit on gifts to nonemployees and outlines a process for exceptions. Gift certificates of \$100 or less to **nonemployees** are allowed
- Donations in lieu of flowers of \$100 or less may be made to charitable organizations (Note: individual schools may require Financial Dean approval for donations, the policy directs users to check with their tub finance office for local requirements)
- Includes a section regarding Harvard employees receiving gifts from third parties and refers to the Policy on Conflicts of Interest and Commitment

FAQ

What is a gift?

A gift is given for a legitimate Harvard business purpose and should be motivated by detached or disinterested generosity or respect, admiration, charity or like sentiment. Gifts may not be given in lieu of payment for services or as a quid pro quo. Prizes from drawings or door prizes are not considered gifts, but follow the same thresholds.

Why is the threshold still only \$100? Can it be higher?

Harvard must follow the Internal Revenue Code (IRS) section 132(a) (4) for de minimis benefits. The IRS defines items with a value exceeding \$100 not to be de minimis; thus considered taxable. In rare and extenuating circumstances, schools may exceed the \$100 threshold for nonemployee gifts. This requires a letter of exception from the Financial Dean or designee.

What does the \$100 include?

The \$100 threshold includes all charges including engraving or monogramming, taxes, and delivery fees. The \$100 is inclusive of all gifts per event and is applied University-wide.

How do I purchase gifts?

Gifts may be purchased using all purchasing methods available. Gift certificates may not be purchased using the PCard.

Why are gift certificates taxable for staff but not for nonemployees?

Employees and nonemployees are covered by different IRS rules. For employees, the IRS requires gift certificates of any amount be treated as reportable cash compensation. The IRS does not have the same rules for nonemployees.

What about gifts of Crimson Cash?

Crimson Cash Cards are considered a form of gift certificate: allowable up to \$100 for students, not allowed for employees.

Why are sympathy flowers called a gift in this policy?

Per IRS regulations, flowers sent by Harvard upon the death or serious illness of an employee or employee's immediate family member are considered a gift and must comply with the \$100 threshold to be nontaxable to the recipient.

What if my school participates in the University milestone gift program?

Gifts of tangible property valued up to \$400 may be made to a longer-service (service of five years or greater) employee *in recognition of* that employee's service or upon retirement. The \$400 is inclusive of all gifts, so if a school or unit participates in the University-wide milestone program and offers an additional gift for recognition of longer-service it should be modest in scope (e.g., flowers).

How do I process taxable payments?

See [Processing Additional Payments](#) for guidance on how to process gift payments which are taxable.