



August 6, 2015

Finance Guide Addendum:

Gift Certificates and Cards

Internal Revenue Service codes treat the provision of gift certificates and gift cards the same as a cash transaction and, therefore, as taxable. To comply with federal tax code, organizations providing gift certificates or cards of any value must withhold Medicare, Social Security and income taxes from the transaction and report the value of the gift certificate or card as income to the recipient on a form W-2.

In the case of organizations providing gift certificates or cards to volunteers, the IRS views such a transaction the same as if the volunteer were an employee, and the same regulations regarding tax withholding and reporting apply.

As such, SOMN encourages non-monetary gifts under \$25 in value for the purposes of recognizing volunteers' contributions and prohibits any monetary transactions, including the provision of gift certificates or gift cards.

Please direct any questions to the Director of Finance, Melissa Holmes, at (612) 604-1268, or melissa.holmes@somn.org.

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