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**3.N-2018: Employee Gift Expenditure**

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**1. Purpose**

St. Mary's University (University) recognizes, values and appreciates the significant contributions of its employees and faculty. The University is committed to ensure that gift expenditures to employees and faculty are made in a consistent and fiscally responsible manner that minimizes any potential risks including reputational, financial, or compliance, and that the University complies with regulations as set by the Canada Revenue Agency (CRA).

This policy does not apply to gifts received by employees from external organizations.

An electronic copy of this policy along with supporting documents may be found on the University website on the Staff Drive, Policies, 3-Financial-Operational.

Affiliated university policies include:

- *Policy and Procedures for the Consumption of Alcohol*

**2. Scope**

This policy applies to all university employees and faculty.

**3. Definitions**

**Authorized Approver:** approval authority for expenditures against a specific budget or account.

**Cash:** currency, cheques, money orders.

**Departing Employee:** an employee or faculty member who is leaving or recently left the employment of the University for reasons other than retirement.

Approval Authority	Responsible Office	Effective Date	Date Last Revisited	Review Frequency
President's Council	Finance	March 27, 2018	March 27, 2018	Every 5 years

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**Employee:** an individual who is engaged to work for the University under a contract of service including staff, senior executive group, researchers and faculty members.

**Family Member:** a person who does not deal at arm's length with the Employee, e.g. spouse, partner, child or sibling.

**Gift:** an item purchased for an individual in recognition of an event using university funds. It does not include an honorarium or a performance-related prize.

**Near-cash Gifts:** items that can easily be converted to cash, e.g. gift certificates, gift cards, pre-paid credit cards or travel vouchers.

**Non-cash Gifts:** gifts that are not Cash or Near-cash items, e.g. university logo'd items, mugs, flowers, fruit baskets and plaques.

**Retiring Employee:** an Employee who is leaving the University with sufficient service to have qualified for a pension.

**Taxable Benefits:** The value of the benefits of any kind received by an Employee, including gifts for volunteer service, is taxable under the Income Tax Act, subject to specific exceptions.

**Taxable Gifts:** Gifts that result in identification as a taxable benefit to the Employee, including gifts for volunteer service, or Staff Volunteer, as determined by Canada Revenue Agency (CRA).

**Trivial Gifts:** Gifts of a minimal value that are considered to be a taxable benefit, e.g. pins, mugs, hats, and T-shirts with university logos, plaques or trophies.

## 4. Policy

### 4.1 Gifts to Individuals for Special Occasions

It is common practice at the University for Departments or individual employees to voluntarily contribute towards the purchase of gifts for fellow employees, or their family members for a significant event. This policy is not intended to replace or otherwise interfere with this practice.

**4.2 Retirement Gifts**

The Department can provide a gift to an employee who is retiring. The value of the gift should be proportionate to length of service but not to exceed \$500.00, in accordance with CRA requirements and subject to budget approval.

**4.3 Gifts for Individuals Retiring or Leaving the University**

The Department may, at its discretion, use operating funds to pay for a cake and/or coffee service or other type of refreshment to be used in a celebration for employees retiring or who have voluntarily left the University.

**4.4 Gifts for Bereavement or Illness**

The Department can provide a gift to an employee or former employee or close family member thereof, or a friend of the University who is ill, or who has lost a loved one. The value of the gift should not exceed \$100.00 per individual. Often the surviving family members will request donations in lieu of memorial gifts. In such cases, donations are permitted to non-profit organizations on behalf of an individual in lieu of a sympathy gift.

A memorial donation, flowers or other appropriate gift may be sent on behalf of the University by the President. Such gift shall not exceed \$100.00 plus delivery costs.

**4.5 Other Gifts**

Employees can accept a gift provided to attendees at a conference, seminar, workshop or lecture. Employees can also accept door prizes and gifts/plaques provided in recognition of their participation and/or contribution to an event.

Employees can accept gifts provided to attendees at university-wide celebrations.

**4.6 Parties or Social Events**

Subject to budget approval, the Department can host a party or social event for its employees and/or staff volunteers provided the cost associated with it is \$150.00 or less per person. If the costs exceed the \$150.00 per person then the employee or staff volunteer will be deemed to have received a taxable benefit under CRA regulations. The affected employee or staff volunteer must be notified as soon as reasonably possible after the event that the amount exceeding \$150.00 will be added to the employee's income and be considered taxable.

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In such instances where the Department is aware that the costs of an event will exceed the \$150.00 per person, the Department shall immediately notify HR/Payroll and provide the names of the affected employees/staff volunteers. In the event that the costs are not known in advance of an event, the Department shall notify HR/Payroll as soon as reasonably possible after the event and provide the names of the affected employees/staff volunteers.

Alcohol may be provided at special social events for employees or staff volunteers such as holiday parties, retirement parties and other social events but will require prior approval of the President or a Vice President or Assistant Vice-President. The provision of alcohol must comply with the University's *Policy and Procedures for the Consumption of Alcohol*.

**4.7 Service Recognition Awards**

Each year, the University may recognize staff for long service to the University. Employment service is formally recognized in five-year increments. The value of the gift should be appropriate to length of service as outlined in the following schedule:

Years of Service	Gift	Value
2-5 years	University Pin, mug, logo'd item	Trivial
5 years	Gift of choice	Approx. \$50.00
10 years	Gift of choice from Employee Long Service Program	Approx. \$100.00
15 years	Gift of choice from Employee Long Service Program	Approx. \$150.00
20 years	Gift of choice from Employee Long Service Program	Approx. \$200.00
25 years	Gift of choice from Employee Long Service Program	Approx. \$250.00
30 or more years (in 5 year increments)	Gift of choice from Employee Long Service Program	Approx. \$300.00 plus \$10.00 per additional year after 30 years

**4.8 Trivial Gifts to Research Participants**

Trivial gifts provided by researchers for individuals participating in research activities are allowed and are non-taxable, provided they are tracked by the researcher and values do not exceed \$50.00 per individual per instance.

**4.9 Limits of Gifts**

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The total value of any individual gift or combination of gifts, in one calendar year, shall not exceed \$500.00 as allowed under CRA regulations.

### **5. Policy Statements**

#### **5.1 University funds may be used for gifts to an employee when:**

- The gift is permitted under this policy;
- The expenditure is in accordance with any procedures attached to this policy or any related policies; and
- The expenditure is permitted under the terms and conditions of the specific funding source.

#### **5.2 Gifts are appropriate when they are given as:**

- Appreciation for participation in an event;
- Appreciation for participation in an academic research project;
- Appreciation for service to the University;
- Recognition as part of the University's formal service and performance awards;
- An award for winning a competition or contest;
- A prize for attending an event;
- An expression of sympathy;
- A celebration of a significant event or occasion;
- A celebration of retirement; and
- Recognition of an accomplishment.

#### **5.3 The University prohibits the use of university funds to purchase the following gifts:**

- Cash;
- Alcoholic beverages, unless approved, in advance, by the President;
- Gifts in lieu of payment of wages;
- Gift cards and gift certificates, with the exception of university gift cards for use in the St. Mary's University Bookstore.

#### **5.4 Near-cash gift cards and gift certificates:**

Gift cards can never be given to employees of the University except in the case of employees' long service rewards in the form of gift certificates to St. Mary's University Bookstore.

**5.5 All gifts from the University to employees must be administered in accordance with the Income Tax Act.**

According to CRA, gifts may have tax implication for employees if the gifts are near-cash gifts or if the dollar amount of all gifts received by an individual employee, in a calendar year, is greater than \$500.00.

Awards to employees to recognize work performance, including awards, prizes or any other term used to describe such recognition, are taxable to the staff member.

**5.6 For gifts that are taxable benefits under CRA regulations, employees will be notified of the taxable benefit and resulting adjustment to their payroll records.**

The Vice-President Finance will establish and maintain procedures for the reimbursement of approved expenses related to gifts and regularly review the policy and any related procedures to ensure consistency in practice and sponsor revisions as necessary.

**6. Exceptions to the Policy**

Exceptions to the guiding principles in this Policy must be documented and formally approved by the Vice-President Finance.

**7. Inquiries**

Inquiries regarding this Policy can be directed to the Vice-President Finance.