

# Taxable Benefit Process

## Policy

Gifts, apparel and other items of value received by an employee (including student employees and emeriti) must be reported as a taxable fringe benefit to that employee. The IRS requires that items given to employees be tracked and added to taxable gross income at fair market value. This means when you give an item to an employee, the employee will be subject to payroll tax withholding on the fair market value of the item. This could result in a reduction of the take home pay for the time period it was entered.

## Purchasing Procedure

- Review the tables below** so you know what is taxable and what isn't. If you aren't sure – email [buxton.65@osu.edu](mailto:buxton.65@osu.edu). Allow at least two days for us to get clarification on your question.
- Communicate before you make the purchase** with the employees that taxes will be withheld on the item(s) they receive. Make sure the employee still wants the item(s).  
*Note: Departments can choose to get the signed Taxable Benefit Agreement Form at this stage*
- Place the order for the items needed.** Note that most items can be purchased and approved at the unit level. See table below for more approval information. Use appropriate buying tools for the purchase. List the recipient names and list the affiliation of the recipient to OSU (Employee/Non-employee) on the documentation (i.e. eRequest).
- Give the item to the employee:** Use the Taxable Benefit Agreement Form to get the employee's confirmation.
  - <https://cfaesfinance.osu.edu/forms>
    - Individual Form
- Communicate Transaction to HR Representative:**
  - Complete an <https://hraction.osu.edu>
    - Type: Pay Additional Compensation, click Next
    - Payment Type: Choose appropriate type (i.e., non-cash for apparel)
    - Attach the Taxable Benefit Agreement Form
    - Reference eRequest number if applicable

### Resources

[Buxton.65@osu.edu](mailto:buxton.65@osu.edu)

Reward and Recognition Policy:  
<http://hr.osu.edu/public/documents/policy/policy315.pdf?t=2014411133555>

Item Example	Added to Taxable Income?
Gift Cards	Yes
Apparel (including some T shirts)	Yes
Promotional Items	Yes
Length of Service Awards (for five or more years of service)	No
Safety Achievement awards (not for administrative employees)	No
Occasional Tickets to sporting events or other event	No
Trinkets/Giveaways – such as very small dollar promotional items	No
Safety equipment (applies only to items that cannot be worn off the job site)	No
Occasional Food (note that an attendee list is still required)	No

Award Value (Cash or Non cash)	Approval Needed
\$0-\$100	Unit Approver
\$101-\$1000	Dean or VP
>\$1000	Dean or VP and OHR

Note that **sympathy gifts** should be purchased at the unit level to avoid duplication. Individuals should not purchase gifts without unit approver approval.



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