

## UTAH TRANSIT AUTHORITY POLICY

### UTA.02.17

#### TAXATION OF AWARDS, PRIZES, AND GIFTS

1) Purpose

The purpose of this policy is to provide definition for the taxability of awards, prizes, and gift items received by employees according to Internal Revenue Service (IRS) guidelines.

2) Definitions

*“De Minimis Value”* means an amount set by UTA for Tangible Items that are occasional or unusual in frequency. Although the IRS has not set a specific limit for what is considered de minimis, they have previously ruled that items with a value exceeding \$100 could *not* be considered de minimis, even under unusual circumstances.

*“Imputed Income”* means an amount added to regular income that is subject to taxes and withholdings.

*“Intangible Item”* means cash or cash equivalent items. Items may include but are not limited to cash, gift cards, and gift certificates.

*“Tangible Item”* means an item or award received that has a physical state. Items and awards may include but are not limited to pins, award plaques, event tickets, branded pens, shirts, hats, and other items given to employees by UTA.

3) Policy

A. All Intangible Items are subject to tax as Imputed Income to the recipient, regardless of amount, and included in W-2 earnings.

B. Tangible Items with a value above the De Minimis Value are subject to tax as Imputed Income to the employee on the employee’s next paycheck and included on the employee’s W-2 earnings. Items with a value below the De minimis Value will not be included as Imputed Income on the employee’s W-2 earnings.

C. 457 deferred compensation UTA match, Million Mile bonus, and retirement monetary awards are considered income and are subject to applicable taxes as Imputed Income and included in W-2 earnings.

D. Items that are exempt from taxes include:

1. Employee uniforms and other items required to perform job duties
2. Occasional office snacks and meals
3. Per diem for certain travel and employee reimbursements

E. UTA could be subject to fines and penalties for failure to report awards, prizes, and gifts

in a timely manner. Accordingly, the failure to report awards, prizes, and gifts in a timely manner is subject to UTA's Positive People Management policy.

- F. The department distributing items to employees must provide payroll with a description of all items provided to an employee including date received, value, and description of the item. The list must be provided to payroll within thirty days of distributing the items to employees.
- G. Payroll staff reviews the items per current IRS guidelines to determine if the items meet taxability requirements.
- H. Payroll's decision on the value of an Intangible Item can be appealed to UTA's chief financial officer (CFO). The CFO's decision is final.
- I. If the item is deemed to be taxable (above the De minimis Value for Tangible Items), payroll adds the amount as Imputed Income for calculation on the employee's next paycheck and W-2 earnings.
- J. Payroll may add value to the award with approval from the executive director in order to cover the applicable FICA and Medicare taxes, so that the employee receives the face value of the award.

4) Review

In compliance with UTA guidelines, this policy is reviewed at least once annually, or upon the naming of a new chief financial officer or executive director. To the extent the IRS publishes any new guidance or laws prior to such annual review that would impact the terms of this policy, the policy should be interpreted in such a way as to comply with such law or guidance.

5) Cross-References

- 6.3.1 Positive People Management
- UTA.01.01 Ethics

This UTA Policy was reviewed by UTA's chief financial officer on 03/03/2026, and approved by the executive director on \_\_\_\_\_. This policy takes effect on the latter date.

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Jay Fox  
Executive Director

Approved as to form and content:

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Counsel for the Authority

**History**

Date	Action	Custodian
11/29/2019	Adopted – Corporate Policy 3.1.14 Taxation of Awards, Prizes, and Gifts	Chief Financial Officer
	Board Reviewed – UTA.02.17 Taxation of Awards, Prizes, and Gifts	Chief Financial Officer
	Revised and Renumbered – UTA.02.17 Taxation of Awards, Prizes, and Gifts	Chief Financial Officer