

Gift Card Policy

The IRS has specific rules and regulations about how you can show appreciation using charitable funds.

- Gifts for specific occasions such as staff or volunteer appreciation are acceptable as long as they are “insignificant value” and are tied to a specific occasion. Gifts count against your hospitality budget. It must be an actual tangible good, not cash or a cash equivalent. Suggestions of inexpensive flowers, potted plants, or candy are the most common. Branded merchandise such as a PTA mug or basic t-shirt would also fall into this category.
- An appreciation luncheon is considered acceptable hospitality by the IRS. PTA rules exclude alcohol from any hospitality coverage. The total hospitality line items of your entire budget should be less than 5% of your expenses for the year. You must be directly providing the hospitality. You cannot purchase gift cards/certificates for a restaurant and hand them out.
- Gift cards and gift certificates are considered a cash equivalent by the IRS and may not be purchased to be given to adults. They are considered taxable income and depending on the value of the card may have reporting requirements. In addition, many school districts have rules about teachers receiving gifts that have cash equivalents. You wouldn't hand someone \$50.00 in cash out of the PTA bank account, please don't hand them a \$50.00 gift card either.

Exceptions to the gift card rules:

- **Student prizes and awards.** The IRS does not consider a gift card for a student prize or award to be “income”. The card or certificate should be of low value and for a specific store, not a generic credit card company style card. Student recipients must be tracked for transparency.
- **Certificates for PTA merchandise.** This cost is directly absorbable by the PTA. You aren't giving away money, you are giving away a branded product which makes it a promotional item.
- **Donated cards.** Gift cards donated have to be used for the purpose for which they were donated. Donated gift cards are not PTA funds, but they are PTA assets. Donated gift cards must be documented and tracked appropriately; they are considered an in-kind donation and need to be tracked for tax purposes.

Adopted February 2024