



ARCHDIOCESE OF ST. LOUIS

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RISK ALERT

Date: April 1, 2021
To: All Parishes and Agencies
Cc: Cory Nardoni
From: Internal Audit
Subject: Gifts to Volunteers and Employees

Parishes and archdiocesan agencies often provide volunteers and employees with gifts as an expression of appreciation for the services the volunteers provide, especially near holidays such as Easter and Christmas. While parishes and agencies are commended for this generosity and gratitude, please be aware that the Internal Revenue Service (IRS) has established rules and regulations related to the taxability of these gifts.

Gifts to Volunteers

Cash gifts or gift cards given to volunteers must be reported on IRS Form 1099-Misc for each individual who receives \$600 or more in gifts, stipends, or other benefits in a calendar year. Please note that while some gifts may not require a Form 1099-Misc, the gift is still generally taxable to the volunteer.

Gifts to Employees

The IRS considers all gifts (including gift cards) to be taxable income to an employee, regardless of the amount. When a parish or agency provides cash or gift cards to a volunteer who is also an employee of the parish or agency, the IRS treats the gift as given to the individual in their capacity as an employee. As such, these amounts should be processed through payroll to ensure that they are included within gross earnings. Parishes or agencies may wish to “gross up” bonuses/gifts in order to provide the employee with a certain payment net of taxes.

Documentation of Gifts

Parishes and agencies should maintain detailed documentation related to gifts given to volunteers and employees. The documentation should, at a minimum, include the name of the recipient, amount given, and date of the gift. This documentation allows the parish/agency to ensure that IRS guidelines related to the taxability of the gifts are followed.

Parishes/agencies should contact their Archdiocesan payroll professional, Parish Support Services, or the Office of Internal Audit with any questions or concerns related to the treatment of gifts. In the meantime, stay safe, and God Bless.