

Finance Procedural Statement: Complimentary Tickets and Related Expenses for Employees and Non-Employees

[1]

Effective Date: November 1, 2018

Introduction

The University or its affiliated student organizations may give out complimentary tickets according to the situations discussed below. This Procedural Statement sets forth university requirements for reporting such complimentary tickets and related expenses for employees and non-employees.

Note: The University does not determine or represent the allowability or appropriateness of the tax-treatment relative to the complimentary tickets. Recipients should consult with their respective tax professional to determine the tax consequences of all transactions. Failure on the part of the University to comply with IRS reporting requirements will subject the University to a variety of penalties. The organizational unit that issued the complimentary tickets is responsible for any penalties.

Procedural Statement

I. Determining Reportability

A. Employees, Regents, and their Immediate Family Members or Guests with Valid Business Purpose as Recipients

1. Complimentary Tickets Used for University Promotion

a. Depending on the circumstances, the receipt of complimentary tickets by employees or their immediate family members may be a taxable event for the recipient. Employees and their immediate family members or guests who receive complimentary tickets for the primary purpose of promoting the University (such as recruiting and fundraising) will not have the value of the tickets included in their income if they provide written documentation to the University substantiating that the tickets were, indeed, used in a substantial sense to promote the University (i.e., for a business purpose). If the recipient does not provide the required documentation, or the substantiation represents only a portion of the ticket value, then the University will include the value of the complimentary tickets, to the extent that the ticket was used for personal entertaining, in the employee's income and the hosting organizational unit must follow the Report Submission procedures below.

b. The business purpose for immediate family members and guests must be

documented in the non-employee reimbursement report in the Expense System (or on the Non-Employee Reimbursement-International form) when requesting travel reimbursement. Business purpose for employees may be contained in other documentation, such as employee job description, event description, etc. If such documentation does not exist, then the business purpose must be documented in the employee reimbursement expense report in the Expense System.

c. If it is determined that the ticket is includable as income, then the value of the ticket provided generally generates income in the year the ticket was issued. The ticket generally shall be valued at the retail price of the ticket.

2. Complimentary Tickets Used for Recognition

a. Complimentary tickets received by employees and their immediate family members or guests to recognize the employee's performance must be processed in accordance with the Finance Procedural Statement Recognition and Training.

3. Excess Ticket Distribution

a. Organizational units that host performances and sporting events may distribute excess tickets to employees for their personal use or for distribution to family (including children) and friends. Such distribution must be:

- i. For the purpose of increasing attendance at an event where attendance is not expected to be at least 85% of capacity.
- ii. Announced to all employees of the campus or University (choice of the hosting organizational unit) no earlier than the 10 business days preceding the event.
- iii. The excess tickets must not have an individual published sales value of more than \$60 at time of distribution.
- iv. No employee may receive more than two tickets to an individual event.
- v. The distribution must be infrequent or non-regular in nature. This concept is per performances series and sporting events seasons.

b. Tickets so distributed will not be included as income to the employee.

4. Travel Expense Related to the Complimentary Tickets

a. The business purpose justifying the attendance of employees and immediate family members or guests must be documented prior to incurring travel expense. Documentation for employees may be contained in existing university records, such as employee job description, event description, etc. If such documentation does not exist, then the documentation must be provided in the employee expense report.

b. For immediate family members and guests, the non-employee reimbursement report in the Expense System (or the Non-Employee Reimbursement-International form), including the valid business purpose

documentation, must be:

- i. Approved by the appropriate vice chancellor or vice president prior to incurring travel expense, and
- ii. Signed by the immediate family member(s) or guest(s) after the trip (to verify fulfillment of business purpose in a substantial way).

c. If there is no documented business purpose, the University will not pay or, where included in a group bill, the University will require reimbursement for the related travel expenses, even if there is no incremental cost to the University (such as available seats on a chartered plane). Further:

- i. Such individuals will be charged a reasonable fee (based on destination and comparable commercial travel costs at the time of travel) to offset its overall costs of travel.
- ii. If an employee fails to reimburse the University, then the employee's income will be adjusted to include the value of the travel, and the hosting organizational unit must follow the Report Submission procedures below.
- iii. If a Regent fails to reimburse the University, then the value of the travel will be subject to Form 1099-MISC reporting, and the hosting organizational unit must follow the Report Submission procedures below.
- iv. The value of the travel will be equal to the actual commercial fare or the charter fee, and actual room and board charges.
- v. Failure to provide reimbursement on the part of an employee or Regent must be reported to the employee's supervisor for appropriate personnel action or to the whole Board, respectively.

B. Non-Employee Recipients (excluding Regents)

Complimentary tickets and related travel expenses represent income to the recipients upon receipt. If the dollar value of cumulative payments made by the University to a non-employee equals or exceeds \$600 in a calendar year, then the Procurement Service Center will issue an IRS Form 1099-MISC to the recipient covering all taxable amounts for the taxable year.

1. Complimentary Tickets Used for University Promotion

- a. The types of ticket distributions identified below may be subject to Form 1099-MISC reporting. The hosting organizational unit must therefore obtain a completed W-9 form for the non-employee recipient and must follow the Report Submission procedures outlined in Section II:
 - i. Where the individual face value of the ticket is more than \$60, or
 - ii. Where an individual receives more than two tickets to an individual event.
 - iii. Furthermore, certain ticket distributions are subject to additional laws, regulations or policies: Student athletes who view (not participate in) sports events are subject to NCAA rules. Advertisers and other

service providers, as payment for services or products, are subject to PSC procurement procedures. Government officials, including the Governor and State Legislators (excluding Regents), for public relations purposes are subject to C.R.S. 24-6-2032.

b. The value of the ticket provided generally generates income in the year the ticket was issued. The ticket generally shall be valued at the retail price of the ticket, less any amount paid by the recipient.

2. Complimentary Tickets Used for Recognition

Complimentary tickets received by non-employees to recognize their performance or contributions must be processed in accordance with the Finance Procedural Statement Recognition and Training.

1 Cumulative payments include gifts, rents, royalties, prizes, awards, and non-employee compensation.

2 C.R.S. 24-6-203 regulates receipt of certain gifts to elected officials, including tickets to sporting events with a value of fifty dollars or more for any single event (or a series with a total value of one hundred dollars or more). The statute requires anyone who furnishes such tickets to an elected official to provide the official with a written statement of the dollar value of the item "at the time the item is provided." Failure to provide the elected official with such a written statement is a misdemeanor, punishable by a fine of \$50-\$1,000.

3. Travel Expenses Related to Complimentary Tickets

a. Unless the travel is incurred as direct official university business pursuant to the PSC Procedural Statement Travel, the University requires reimbursement for travel expenses incurred by non-employees equal to the incremental cost to the university.

b. If there are commercial travel costs, even if there is no incremental cost to the University (such as available seats on a chartered plane), then the University will charge a reasonable fee (based on destination and comparable commercial travel costs at the time of travel) for non-employees to offset its overall costs of travel (unless there is contractual relationship with the non-employee which requires the University to provide an available seat).

c. If the non-employee fails to reimburse the University, then the non-employee will be subject to Form 1099-MISC reporting for the value of the travel, and the hosting organizational unit must follow the Report Submission procedures below.

II. Report Submission

If tickets are subject to reporting per the above procedures, then organizational units that distribute complimentary tickets must create a log that documents:

- a. names of the recipients;
- b. available contact information (such as phone and address);

- c. dates the tickets were distributed;
- d. if employee recipients, their Employee IDs;
- e. face value of tickets; and,
- f. number of tickets distributed.

Within 60 days of the event (for single day events) or end of event season (such as sport season), such offices must remit the above log to the Procurement Service Center. (Please note if an individual receives an aggregate of \$600 or more in tickets or other payments from the University, a 1099 will be generated. Each quarter the PSC will identify potential 1099 recipients and may contact them to obtain the tax identification number.)

Related Administrative Policy Statements (APS) and Other Policies

- [APS Propriety of Expenses](#) ^[2]

Revision Log

Updates to these procedures will be summarized in this section

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