

Non-Employee Recipients

The University is required to report income of prizes/gifts/awards/gift cards presented to non-employee individuals who are U.S. individuals for tax purposes on Form 1099 MISC, provided all income paid to the individual by University of Michigan meets the reporting threshold amount in aggregate for the entire calendar reporting year. Gifts to non-University recipients should be reported to SSC Supplier Reporting for central tracking at value \$25 and above.

Items of Note:

- Total income paid must reach \$600 within the calendar year for Form 1099 MISC to be issued to the recipient and reported to the IRS.
- If prizes/gifts/awards/gift cards equal to or greater than \$25 in value are given to the recipient outside of the Accounts Payable voucher system:
 - The University of Michigan Tax Department has established a de minimus threshold of \$25 for process, gifts and awards to non-employee U.S. persons
 - Please use the **“Request or Record Payment of Awards, Prizes or Gifts”** form and checkmark *“Record award/prize/gift already given to an individual”*
 - Any gift below the \$25 threshold does not need to be tracked for tax reporting purposes
- If a Form 1099 MISC is issued the income amount will be reported in box 03 “Other Income”
- No taxes will be withheld from payment
- 1099 MISC reporting is for U.S. persons for tax purposes only