Awards (For Special Recognition or Achievement)

Awards

For Special Recognition or Achievement

In general, cash, and non-cash prizes or awards given to employees are taxable income and are subject to OASDI (Social Security), Medicare tax, and federal and state income tax withholding at the supplemental rate.

Payment can be in the form of a monetary amount, a service or an item of merchandise. Regardless of the method of payment, the award amount must be included on the employee's Form W-2.

Monetary award payments are processed via Time Collection. An Additional Pay Form [1] is completed and routed for off-line approval.

The awarding department completes the Additional Pay Form and obtains the required approvals. Use the AWR earnings code, and enter the dollar amount to be paid and the appropriate SpeedType to be charged.

When off-line approval has been received, the employing department enters the award amount, reason and SpeedType via Time Collection by creating a One-Time Payment batch, and entering the employee?s award. The award payment will be included on the payroll for which the batch is being entered (usually the next available payday).

Departments are encouraged to provide a letter of congratulations to the employee. Payment made through payroll will ensure all appropriate taxes and deductions are taken.

Award payments are taxed a flat amount of federal and state supplemental withholding. If the employee is subject to Medicare tax and/or OASDI (FICA), these amounts are also withheld. Awards are not subject to PERA retirement, the University staff (formerly Faculty/Exempt Professional) CU 401(a) Retirement Plan or student retirement.

Note: In Time Collection and on the Additional Pay Form, departments can override the SpeedType recorded on the position-funding distribution page. Be careful to use the

appropriate SpeedType when processing award payments.

Items of merchandise or services received also must be reported. The department granting the award is responsible for assessing and retaining the documentation of fair market value and notifying Employee Services about the non-monetary award via memorandum. Include the employee's name, employee HRMS ID (Empl ID), value of award, date received and signature of an individual authorized to sign for the department's payroll documents.

This information must be provided within two weeks of the non-monetary award being presented to the employee. The fair market value will be included in the employee's taxable gross income.

Find more information about awards by contacting the Procurement Service Center (PSC) at 303-315-2846.

Attachments:
Video:
Images:
Groups audience:
Employee Services

Source URL: https://www.cu.edu/employee-services/business-partners-ppldrl/business-partner-resources/employee-services-procedures-9

Links:
[1] https://www.cu.edu/sites/default/files/policies/docs/additional-pay.pdf