



INDIANA UNIVERSITY

Drawings, Games, and Prizes

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Effective: *January 1, 2011*
Last Updated: *January 1, 2011*

Responsible University Office:
Office of the Vice President and CFO

Responsible University Administrator:
Neil Theobald, Vice President and CFO

Policy Contact:
Campus Financial Officer

Scope

All university units.

Registered or recognized student organizations that hold events on university property.

Policy Statement

Drawings and Other Games of Chance:

University units and registered (recognized) student organizations may conduct drawings or other “games of chance” to encourage attendance at or participation in events or activities if a) the value of any prize offered does not exceed \$300 and b) the total value of all prizes offered at any event does not exceed \$900. Vendors participating in a university event are also subject to the prize limits.

In rare circumstances, a request may be made to award prizes with values that exceed the amounts identified above. Such exceptional requests must be submitted as proposals and obtain approval from their unit financial officer, campus financial officer, the Vice President and CFO, the Vice President and General Counsel and the Vice President for Public Affairs and Government Relations.

Raffles, as defined below, are prohibited. Bingo and poker and other similar games are prohibited if any prizes are awarded.

NOTE: Drawings for prizes that are conducted by an Indiana University entity as an incentive to complete academic research activities may be controlled by research administration policies governing human subjects and campus institutional review boards. Only those drawings that fall under human subjects compliance are exempted from the prize limitations of the policy, however, units should still check with the FMS tax department about possible reporting requirements and tax implications for prizes.

Prizes:

The value of a prize awarded through a drawing or contest is considered taxable income to the recipient and may require the university to report the value of the prize to federal and state revenue agencies. Units and organizations must file the appropriate forms within 10 days of distribution of any prize. (See Procedures section below.)

Auxiliary units and recharge units may purchase prizes for promotional drawings with funds from their accounts. All other units or organizations must purchase prizes with Indiana University Foundation funds or student organization accounts that are separate from the university and not funded with student activity fee revenues.

Drawings, contests and prize awards must comply with all applicable university and financial policies.

Reason for Policy

The University recognizes that issues of appropriateness, reasonableness, fairness and liability may arise with all games of chance and drawings, and seeks to minimize those concerns by limiting the dollar amount for such events, by requiring additional approvals for events at which higher-value prizes will be awarded, and by establishing reporting requirements. These requirements are intended to ensure compliance with applicable IRS regulations. The University also recognizes that allowing units to conduct events at which prizes or awards of a certain value are allowed will encourage attendance and participation in University programs and activities.

The University has determined that because state law requires entities that conduct charity gaming and raffles to acquire a gaming license and to comply with substantial record-keeping requirements, the potential liability and administrative burden outweighs any potential return for allowing charity gaming or raffles.

Procedure

The value of a prize is considered taxable income to the recipient and may require the university to report the value of the prize to federal and state revenue agencies. Therefore, units and organizations must complete the university Prize Tax Data Collection Form. If the prize winner is an employee or student with a 10-digit university identification number, only the Prize Tax Data Collection Form needs to be submitted. If the prize winner is not an employee or a student with a 10-digit university identification number, the department must also collect either an IRS Form W-9, or in the case of a non U.S. resident, IRS Form W-8BEN (see definitions below for more information.) Both the Prize Tax Data Collection Form, and if necessary, the appropriate IRS form, must be submitted to Financial Management Services Tax area within 10 days of the prize distribution.

Student organizations whose funds are outside the university financial system are not required to submit the university Prize Tax Data Collection Form. However, these organizations and prize recipients may still be required to complete and submit tax information according to federal tax law and IRS policies and may wish to seek additional financial advice.

Completion of the Prize Tax Data Collection Form is not required for prizes valued at \$20 or less or giveaways as defined below.

Indiana University tax reporting obligations will differ depending on the individual receiving the prize and various other factors. In certain cases, departments may be liable for taxes that cannot be withheld. In addition, participants should be notified of the potential tax consequences of accepting the prize.

Definitions

IRS Form W-9- Request for Taxpayer Identification Number and Certification

IRS Form W-8BEN- Certification of Foreign Status of Beneficial Owner for United States Tax Withholding. This form is to be completed by a non-U.S. person for tax purposes (nonresident alien), means that the individual is not a U.S. citizen, does not hold a U.S. “green card” which indicates a lawful permanent resident status, and is not a “resident alien” for tax purposes. Resident alien status is based on the visit history to the United States and the immigration status associated with those visits. For more information on determining whether a person is a resident alien or a nonresident alien for tax purposes, please review IRS Publication 519, U.S. Tax Guide for Aliens, at <http://www.irs.gov/pub/irs-pdf/p519.pdf>.

Contest- a competition for a prize involving actual skill or criteria for winning that is different from a drawing based on luck, such as an academic based contest

Drawing- a game of chance where the prize is awarded based on participation or attendance, such as a door prize

Giveaways – items of nominal value (\$5 or less) provided to everyone participating in or attending an event.

Prizes- include cash, cash-equivalents (such as gift cards), tangible personal property, and complimentary services.

Raffle – the selling of tickets or chances to win a prize awarded through a random drawing. (I.C. 4-32.2-2-26)

Recharge units- (also called service units); units whose primary mission is to provide a good or service to other Indiana University units and who operate from charges to other units. Examples include Printing Services, Motor Pool and Computing Services.

Value - shall be the fair market or retail value of a prize, regardless of whether the prize is purchased by an Indiana University unit, donated, or furnished by an external entity.

Sanctions

Violations of university policies, including the failure to avoid a prohibited activity or obtain required approvals, will be dealt with in accordance with applicable university policies and procedures. These may include disciplinary actions up to and including termination from the university and appropriate measures as set forth in the IU Code of Student Rights, Responsibilities, and Conduct.

Additional Contacts

<i>Subject</i>	<i>Contact</i>	<i>Phone</i>	<i>Email</i>
Legal	Kip Drew	(812)855-9739	ksdrew@indiana.edu
Policy-VP & CFO	T. Michael Ford	(812)855-8678	tmford@indiana.edu
Policy-VPURAPP	Jennifer Kincaid	(812)856-1291	jenkinca@indiana.edu
Tax	Vickie Fry	(812)855-0142	vafry@indiana.edu
Student Affairs	CONTACT FOR EACH CAMPUS TO BE ADDED		

Web Address for this Policy

TBD - <http://www.xxxxxxxxxx.indiana.edu>

Forms

- [IRS Form W-9, - Request for Taxpayer Identification Number and Certification](http://www.fms.indiana.edu/tax/forms/W9_Alternative.pdf)
(http://www.fms.indiana.edu/tax/forms/W9_Alternative.pdf)
 - [Form W-8BEN, Certification of Foreign Status of Beneficial Owner for United States Tax Withholding](http://www.irs.ustreas.gov/pub/irs-pdf/fw8ben.pdf)
(<http://www.irs.ustreas.gov/pub/irs-pdf/fw8ben.pdf>)
 - [Prize Tax Data Collection Form](https://www.fms.indiana.edu/tax/forms/Prize_Data_Form.pdf)
(https://www.fms.indiana.edu/tax/forms/Prize_Data_Form.pdf)
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Related Information

- [Indiana Code 4-32.2-4 et seq.](http://www.in.gov/legislative/ic/code/title4/ar32.2/ch4.html)
(<http://www.in.gov/legislative/ic/code/title4/ar32.2/ch4.html>)
 - [IU Code of Student Rights, Responsibilities, and Conduct](http://www.iu.edu/~code/)
(<http://www.iu.edu/~code/>)
 - [IU Office of Research Administration- Human Subjects Compliance](http://www.researchadmin.iu.edu/cs-humsub.html)
(<http://www.researchadmin.iu.edu/cs-humsub.html>)
 - [Employee Benefit Plans](http://www.indiana.edu/~uhrs/benefits/benefitsplans.html)
(<http://www.indiana.edu/~uhrs/benefits/benefitsplans.html>)
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History

Prior to 2009, the practice was not to allow games of chance of any kind at the University, which was reflected in the purchasing guidelines for sponsorship, however, no comprehensive written policy existed.