



OFFICE OF THE EXECUTIVE VICE PRESIDENT—  
CHIEF FINANCIAL OFFICER

OFFICE OF THE PRESIDENT  
1111 Franklin Street, 10<sup>th</sup> Floor  
Oakland, California 94607-5200

January 22, 2018

**CHANCELLORS  
VICE CHANCELLORS BUDGET & PLANNING  
VICE CHANCELLORS ADMINISTRATION  
PROVOSTS**

**Subject: Taxability of Certain Employee Achievement Awards Effective January 1, 2018**

The Tax Cuts and Jobs Act (P.L. 115-97) that was signed into law on December 22, 2017 impacts the taxability of certain types of employee achievement awards provided by an employer. Specifically, gift cards are excluded from the definition of tangible personal property so the value of gifts cards provided by the University to an employee for an employee achievement are considered taxable wage income on and after January 1, 2018. Because either a gift card or one month of parking or transit passes are included in the definition of cash or cash equivalent, if an employee receives such as award for length of service then the value of the award must be treated as wage income, and campuses should treat the value of such gift cards as subject to federal income tax withholding and FICA.<sup>1</sup>

Please note that California is one of a few states that utilize a selective approach to conform to the Internal Revenue Code. The Franchise Tax Board has not yet published conforming code sections as of January 1, 2018 for state income tax purposes.

We are awaiting further guidance from the IRS and will discuss policy changes with the appropriate campus stakeholders during the next few months. Business and Finance Bulletin G-41, *Employee Non-Cash Awards and Other Gifts*, will be revised to reflect any policy changes resulting from the impact of tax reform legislation at the next update. If you have any questions, please call John Barrett at (510) 987-0903.

A handwritten signature in black ink that reads "Nathan Brostrom".

Nathan Brostrom  
Executive Vice President and  
Chief Financial Officer

cc: Campus Controllers  
Chief Human Resource Officers

<sup>1</sup> P.L. 115-97 added new IRC section 274(j)(3)(A)(ii)

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Provost and Executive Vice President Brown  
Executive Vice President-COO Nava  
Vice President Duckett  
Associate Vice President Arrivas  
Vice President Budil  
Vice President Humiston  
Executive Director Kalmijn  
Campus Accounts Payable Managers  
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Manager Barrett