UNIVERSITY-ISSUED COMPLIMENTARY TICKETS/PASSES

POLICY STATEMENT

The University of North Dakota (UND) may issue complimentary event tickets or passes to employees, non-employees, and businesses. Tickets or passes may be issued for a University business purpose, promotion, employee recognition, excess ticket availability, etc. Internal Revenue Service (IRS) rules and regulations, and proper accounting of tickets and passes, must be followed when UND issues complimentary event tickets or passes. Event tickets or passes cannot be given in lieu of being paid for services performed by an individual.

This policy does not apply to events that do not charge for admittance.

REASON FOR POLICY

26 CFR § 1.132-1(b) addresses fringe benefits. UND must ensure compliance with IRS rules and regulations and accountability surrounding the issuance of complimentary UND event tickets/passes.

SCOPE OF POLICY

This policy applies to:

- President
- Vice Presidents
- Deans, Directors & Department Heads
- Area Managers & Supervisors
- Faculty
- Staff
- Students
- Others: Visitors & Guests

WEB SITE REFERENCES

This policy: http://UND.edu/finance-operations/files/docs/3-9-university-issued-comp-tickets.pdf
Policy Office: http://UND.edu/finance-operations/policy-office.cfm
Vice President for Finance & Operations: http://UND.edu/finance-operations/
RELATED INFORMATION

26 CFR § 1.132-1(b) – Exclusion From Gross Income for Certain Fringe Benefits

IRS

IRS Publication 15-B – Employer’s Tax Guide to Fringe Benefits


www.irs.gov


CONTACTS

Specific questions should be directed to the following:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Contact</th>
<th>Telephone</th>
<th>Office or Department E-Mail / Web Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy Clarification</td>
<td>Human Resources</td>
<td>(701) 777-4126</td>
<td><a href="http://UND.edu/finance-operations/human-resources-payroll">http://UND.edu/finance-operations/human-resources-payroll</a></td>
</tr>
<tr>
<td></td>
<td>Controller</td>
<td>(701) 777-2015</td>
<td><a href="http://UND.edu/finance-operations/associate-">http://UND.edu/finance-operations/associate-</a> vp/sharon.cfm</td>
</tr>
<tr>
<td>Report Single or Season Tickets for Tax Reporting Purposes</td>
<td>Payroll Services</td>
<td>(701) 777-4226</td>
<td><a href="http://UND.edu/finance-operations/human-resources-payroll/">http://UND.edu/finance-operations/human-resources-payroll/</a></td>
</tr>
<tr>
<td></td>
<td>Accounting Services</td>
<td>(701) 777-2771</td>
<td><a href="mailto:UND.accountingservices@UND.edu">UND.accountingservices@UND.edu</a> <a href="http://UND.edu/finance-operations/accounting-services/">http://UND.edu/finance-operations/accounting-services/</a></td>
</tr>
</tbody>
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DEFINITIONS

**Business Purpose**
Activity that supports or advances the goals, objectives, and mission of the university.

**CFR**
Code of Federal Register

**De Minimis Fringe Benefit**
Any property or service provided to an employee that has so little value, considering the frequency with which it is provided, that accounting for it would be unreasonable or administratively impractical.

**Department**
A unit at UND organized under a division that is a designation in the PeopleSoft software system. A department is assigned a number and name. The number is four digits and is associated with a respective vice president at UND.

**IRS**
Internal Revenue Service

**Pass**
Credentials that give the holder a certain right, especially to enter a place, or participate in an event. The terms pass and ticket may be used interchangeably in this document.

**Ticket**
Credentials that give the holder a certain right, especially to enter a place, or participate in an event. The terms ticket and pass may be used interchangeably in this document.

**Trade Agreement**
A formal written agreement between UND and a business which involves tickets to events, advertising, and sponsorships.
PRINCIPLES

OVERVIEW – UND may issue complimentary event tickets or passes to employees, non-employees, and businesses. Tickets or passes may be issued for a business purpose, university promotion, employee recognition, excess ticket availability, etc. IRS rules and regulations, and proper accounting of tickets or passes, must be followed when UND issues complimentary event tickets or passes. 26 CFR § 1.132-1(b) addresses fringe benefits. UND must ensure compliance with IRS rules and regulations and accountability surrounding the issuance of complimentary UND event tickets or passes.

To comply with IRS rules and regulations, UND requires the issuing department to document and account for all complimentary tickets or passes. UND does not determine the appropriate tax treatment for the recipient of the complimentary ticket. Employee and non-employee tickets or passes are treated as one in the same with regard to this policy.

This policy does not apply to events that do not charge for admittance.

SINGLE EVENT TICKETS/PASSES – Single event tickets fall under the IRS definition of de minimis fringe benefits and are not taxable to employees. The same standard applies to non-employees who receive single tickets to athletic or other events.

Giving single, individual event tickets to the same employee, employee family, or non-employee repeatedly to avoid IRS reporting is not allowed.

SEASON TICKETS/PASSES – Season tickets to athletic and other events are taxable to employees. Applying the same rationale as is used with employee tickets, non-employees who receive complimentary season tickets are also taxable in an amount over $600. While this is not directly specified in 26 CFR 1.132-1, it is an appropriate process as UND already taxes its employees for complimentary season tickets.

PROCEDURES

UND departments issuing any complimentary single or season ticket must properly account for the ticket whether reporting it to Payroll Services or Accounting Services is required or not.

Reporting Season Tickets/Passes

All season tickets or passes given to any employee, non-employee, or business for any UND event or venue are considered a reportable transaction by UND. The value of the season ticket or pass will either be added to the employee’s W-2 or to a reportable 1099-MISC for the non-employee or business.

The UND department issuing the complimentary season ticket must report the value of the ticket(s), name of the recipient, employee ID or social security number or federal ID number, and recipient’s address to Payroll Services for employees or Accounting Services for non-employees and businesses. The value reported is determined by the UND department issuing the season ticket, and may not be less than 80 percent of the market value. Documentation as to how the value was determined must be maintained by the department.

Payroll Services and Accounting Services will submit W-2 and 1099-MISC information to the IRS based upon data obtained from the department.

Certain tickets are not required to be reported based on an identified business or work purpose:

1. **Season tickets or passes given as part of a written trade agreement.** If a trade agreement exists, a business purpose exists. Accounting Services and the department negotiating the trade agreement must work together to post the accounting transaction correctly to the general ledger. The transaction is not reported as taxable to the IRS by UND.
2. **Season tickets or passes (sold out or not) given for a documented business purpose.** The suites at Ralph Engelstad Arena and Alerus Center are designated for business purposes. The tickets must be accounted for but are not reported as taxable to the IRS by UND.

UND reports on a W-2 the value of season tickets given to a vice president, an associate vice president, etc., for some athletic and other season tickets. If any season tickets are given to an employee’s spouse, the amounts are reportable on the employee’s W-2.

The president’s tickets are not reported on a W-2 if it is an expectation or requirement that the president attends these events. If it is an expectation or requirement that the president’s spouse attend an event, the tickets for the spouse will be handled in the same manner.

3. **Single or season tickets given to athletes as allowed by the NCAA.** These tickets must be accounted for, but are not reported on a W-2 or 1099-MISC to the athlete because UND is not required to report scholarships to the IRS. It is the responsibility of the athlete to determine what is reported on his/her tax return.

4. **Individuals working at events or venues and gaining admittance with a badge/ID.** A badge or ID allows entrance into an event for work purposes, not a seat for the event.

Even though UND has determined an individual ticket or pass given on occasion does not need to be reported to Payroll Services or Accounting Services, the issuing department must properly account for these tickets.

### RESPONSIBILITIES

<table>
<thead>
<tr>
<th>Accounting Services</th>
<th>▪ Submit information to the IRS based upon data obtained from the department.</th>
</tr>
</thead>
</table>
| Department          | ▪ Account for all complimentary single or season tickets or passes given to employees, non-employees, students, and businesses.  
                        ▪ Report all complimentary season tickets to Payroll Services for employees or Accounting Services for non-employees and businesses |
| Payroll Services    | ▪ Submit information to the IRS based upon data obtained from the department. |

### FORMS

There are no forms associated with this policy.

### APPENDICES

<table>
<thead>
<tr>
<th>Appendix 1 – Frequently Asked Questions</th>
<th>Contact the Controller</th>
</tr>
</thead>
</table>

### REVISION RECORD

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<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Endorsed by:</th>
</tr>
</thead>
<tbody>
<tr>
<td>08/04/2014</td>
<td>Impact Statement Endorsed</td>
<td>President’s Cabinet</td>
</tr>
<tr>
<td>03/25/2015</td>
<td>Policy Implementation</td>
<td>Signed by President Robert O. Kelley</td>
</tr>
</tbody>
</table>
Frequently Asked Questions

Question: How does this policy apply to general tickets (not suite tickets) for Chester Fritz Auditorium, Ralph Engelstad Arena, Alerus Center, Burtness Theatre, Feast of Nations, etc., that are given to UND for distribution?


Single event tickets/passes and season tickets/passes are addressed whether or not they are part of a suite. All single event tickets distributed for any of the facilities/events listed above are considered to be de minimis and would be non-taxable to employees, non-employee or businesses.

Question: What activities/venues are covered under this policy?


UND may issue complimentary event tickets or passes regardless of the event or venue. The only activities excluded are those that do not charge for admittance.

Question: What’s the reporting process for events that do not have admission fees?


This policy does not apply to events that do not charge for admittance.

Question: Are there more specific examples related directly to the venues or events in which this policy is applicable?


*Chester Fritz Auditorium* – Any season pass given to an employee, non-employee or business would be taxable to the recipient unless the pass is given for a documented business purpose.

An example of a documented business purpose would be if the administrator who is responsible for the Chester Fritz Auditorium is required to attend the events as part of his/her job. Season passes given to the spouse of an administrator would be taxable. If season passes are given to a vice president because of title, not responsibility for venue, the passes would be taxable.

Single event tickets given to an employee, non-employee, or business are de minimis and are not taxable. Even though UND has determined an individual ticket given on occasion does not need to be reported, the issuing department must properly account for these tickets.
Alerus Center and Ralph Engelstad Arena – Any season pass given to an employee, non-employee or business would be taxable to the recipient unless the pass is given for a documented business purpose. This includes suite or arena/seat season tickets.

Single event tickets given to an employee, non-employee, or business are de minimis and are not taxable. Even though UND has determined an individual ticket given on occasion does not need to be reported, the issuing department must properly account for these tickets.

Burtness Theatre – Any season pass given to an employee, non-employee or business would be taxable to the recipient unless the pass is given for a documented business purpose.

Single event tickets given to employees, non-employees, or business are de minimis and are not taxable. Even though UND has determined an individual ticket given on occasion does not need to be reported, the issuing department must properly account for these tickets.

Feast of Nations – This is an annual event. A ticket to this event given to an employee, non-employee or business is considered de minimis and is not reported as taxable. Even though UND has determined an individual ticket given to this event does not need to be reported, the issuing department must properly account for these tickets.

Question: How are departments to report tickets given to employees in administrative roles and their spouses?

Answer: See Procedures: Reporting Season Tickets/Passes, page 5.

The value of season tickets given to a vice president, an associate vice president, etc., for some athletic and other season tickets are reported as taxable. If season tickets are given to an employee’s spouse, the amounts are reportable on the employee’s W-2.

The president’s tickets are not reported on a W-2 if it is an expectation or requirement that the president attends these events. If it is an expectation or requirement that the president’s spouse attend an event, the ticket for the spouse will be handled in the same manner, and will not be reported on the president’s W-2.

Question: How does this policy change the current process for handling/reporting tickets?

Answer: Currently, Athletics reports some single game tickets as taxable. This would discontinue.

Currently, season tickets are not reported for non-employees and businesses. This policy will require season tickets be reported as taxable to the non-employee or business.

Currently, the season tickets given to the administrator responsible for the Chester Fritz Auditorium is reported as taxable. This could change if attendance is required and is documented by the Chester Fritz Auditorium.