

STANDARD ADMINISTRATIVE PROCEDURE

25.99.99.M0.03 Procedures to Report Personal Use of University Sponsored Event Tickets Purchased with University Funds

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Revised October 24, 2006

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Next scheduled review: May 25, 2028

SAP Statement

This procedure provides guidelines for reporting personal use of University sponsored event tickets purchased with University funds. A University sponsored event is one which is sponsored by a Texas A&M University department, including athletic and non-athletic events, such as OPAS, Texas Music Festival, Theatre Arts productions, lecture series, etc.

The value of all benefits provided by an employer to its employees is considered taxable income unless an exclusion exists per Internal Revenue Code § 61(a)(1).

Official Procedures/ Responsibilities/ Process

Any payment for the purchase of University sponsored event tickets must contain the business reason for the purchase (such as: for department head to take donors to the home football games). Documentation indicating the business purpose of the individuals and who attend each event is reported on the Annual Entertainment Log.

Occasional personal use of these tickets by employees is not considered taxable income to the employee under de minimus rules of the IRS. Occasional use is defined as four or fewer times in one calendar year to be considered non-taxable. Department heads are expected to restrict personal use to a reasonable level.

Season tickets to sporting or theatrical events are not considered de minimus and are thus taxable to the employee. They do not qualify as de minimus due to both frequency of the benefit received and the amount under IRC §132(e)(1). They are considered a disallowed business entertainment expense under Treasury Regulation § 1.274-11.

No Additional Cost Exclusion from Income: When the tickets are provided as a part of the

department's regular operations and the department incurs no substantial additional cost in providing these to the employee, that value of the tickets can be excluded from the employee's income. To qualify for this exclusion from income:

- The department has no lost sales income by providing tickets to employees
- The event is not sold out
- The department keeps documentation of the tickets sold vs the tickets available on file
- The department keeps a record of the complimentary tickets issued
- If reserved tickets are issued to an employee well in advance of the event, this exclusion cannot apply since at that time it is not known if the event will be sold out
- Occasional use discussed above does not apply to these tickets
- This applies only to tickets issued to employees, not spouses or guests.

Tickets may be given as awards to employees. The taxability of awards is discussed in Standard Administrative Procedure 31.01.99.M0.01.

The department head must report personal use of these tickets that is more than occasional on the Annual Entertainment Log to the Texas A&M University Tax Compliance & Reporting Department by November 1 every year for the preceding 12 month period. Personal use includes spouses and relatives using the tickets. The personal use amount will be included as taxable income to the employee whose spouse or relative used the tickets.

Documentation of the business use of these tickets should be kept in the department and retained as Records Series Item No. 3.2.003 – Federal Tax Records in the Texas A&M University System Records Retention Schedule.

Related Statutes, Policies, or Requirements

[University SAP 31.01.99.M0.01, Taxation of Special Payments and Awards to Employees](#)

Forms

[Annual Entertainment Log](#)

[Texas A&M University Records Retention Schedule](#)

Contact Office

[Tax Compliance & Reporting](#)

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