



## Tax on Giveaways Guidelines

For:

**ROCKINGHAM COUNTY  
VIRGINIA**

*Adopted:  
January 1, 2019*

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# TAX ON GIVEAWAYS GUIDELINES

Rockingham County, Virginia

January 1

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Internal Revenue Code requires that all forms of compensation be subject to income tax unless specifically excluded by the tax code. Compensation can come in many forms and sizes. The Internal Revenue Code specifically excludes any “gift” that has a low value from this rule. Rockingham County has defined any “gift” under \$50 to have a low value, thus not requiring taxation.

Effective January 1, 2019, any “gift” provided by Rockingham County **over \$50.00** will be considered taxable wages. Any gift card or cash given, no matter the amount is considered taxable.

Once Payroll receives notification that you have won a prize, you will notice that it will appear on your check stub, and you will be taxed on the amount of the prize. The prize amount will then be reported on the W2 as taxable wages.

If the prize is not claimed, the employee will not be taxed, and the prize amount will not be reported on the W2.

Below is an example of how a prize will affect Federal taxes depending on an employee’s taxable wage bracket:

	10%	12%	22%	24%	32%
\$50.00	\$5.00	\$6.00	\$11.00	\$12.00	\$16.00
\$100.00	\$10.00	\$12.00	\$22.00	\$24.00	\$32.00
\$150.00	\$15.00	\$18.00	\$33.00	\$36.00	\$48.00
\$200.00	\$20.00	\$24.00	\$44.00	\$48.00	\$64.00

Below is an example of how a prize will affect FICA taxes:

\$50.00	\$ 3.82
\$100.00	\$ 7.65
\$150.00	\$11.47
\$200.00	\$15.30

If you have questions regarding Taxes, please contact Payroll (540) 564-3215. If you have questions regarding your Prize, please contact Human Resources (540) 564-2740.