



Time to Review Gift-Giving and Receiving Policies Before the Holidays

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The convergence of the holidays and year-end recognitions creates increased opportunities for gift giving and entertainment, and additional reasons to establish a clear company gift policy. Gifts and entertainment offered to establish and strengthen relationships can be an important contributor to a company's success. However, gifts or entertainment offered to influence or induce action by the recipient is improper and in some circumstances illegal. A gift policy can establish clear principles and guidelines for what is acceptable and what would be regarded as improper for both giving and receiving gifts.

GIFT GIVING POLICIES OFTEN:

1. Prohibit gifts of cash or cash equivalents;
2. Prohibit gifts where accompanied by requests (direct or implied) for some action or behavior in return;
3. Require the prior determination that the gift or entertainment is permitted by any gift policy of the recipient's employer;
4. Limit the value of gifts and entertainment, or require that the position and income of the recipient be considered so that the nature and value of the gift would be viewed as unlikely to induce an improper response from the recipient or to affect the recipient's business judgment;
5. Require the maintenance of records of gifts.

GIFT RECEIPT POLICIES OFTEN:

1. Require the rejection of gifts received with direct or implied requests for action in return and reporting to a supervisor;
2. Require the rejection of gifts of cash or cash equivalents;
3. Limit the value of gifts received;

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4. Provide that where circumstances of an improper gift make refusal impractical or offensive (such as at a company event), the recipient should promptly report the acceptance to a supervisor to formulate an appropriate response;

5. Require record keeping of gifts and entertainment.

Any gift policy should provide clear guidance for employees. A clear and reasonable gift policy will demonstrate the company's commitment to ethical standards that treat employees fairly and reasonably.

If you have further concerns about your business's gift giving and receiving policies, contact your Foster Swift attorney.

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