

# Gift Card and Gift Certificate Sales

*Merchant Card Services  
Office of Business and Financial Services*

# *Welcome!*

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## Getting Started

OBFS Merchant Card Services is responsible for the oversight of the sale of Gift Cards and Gift Certificates by campus units.

Prior to initiating the sale of Gift Cards or Gift Certificates, campus units must contact OBFS Merchant Card Services for approval via email at [merchantcardhelp@uillinois.edu](mailto:merchantcardhelp@uillinois.edu) or via phone at 217-244-9384.

## General Information

The Illinois Gift Certificate and Gift Card Sales legislation (Public Act 093-0945) was put into effect January 1, 2008.

The State Treasurer's office requires that the unredeemed value of Gift Certificates and Gift Cards be turned over to the State of Illinois as unclaimed property.

Details concerning Gift Certificate and Gift Card Sales Allowance at the University of Illinois may be found in the OBFS Policies and Procedures Manual, Section 5.14.

## Types of Gift Cards and Gift Certificates

1. A **Gift Card** is a plastic card that has a magnetic stripe with the encoded value on the back of the card.
2. A **Gift Certificate** is a form that the unit sells and the value appears on the face of the Gift Certificate.
3. A **Bank-issued Gift Card** is a plastic card issued by a bank or financial institution and contains a magnetic stripe with the encoded value on the back of the card.

**Note:** All Gift Cards and Gift Certificates have a future value entered or encoded on them and contain redemption criteria.

# Gift Card and Gift Certificate Compliance

**Gift Cards and Gift Certificates issued prior to January 1, 2008 must meet these requirements:**

- Sales are considered prepaid sales and valid until expiration or until presented for the purchase of goods or services.
- Campus units must provide a toll-free phone number for recipients to inquire about balances.
- If inactivity fees were initiated, campus units must display a notice stating:
  - The amount of the fee to be charged
  - The frequency and circumstance a fee would be applied
- Any unredeemed balances for expired Gift Cards and Gift Certificates must be reported to UAFR as unclaimed property.

# Gift Card and Gift Certificate Compliance

## Gift Cards and Gift Certificates Issued from January 1, 2008, with No Expiration Date:

- Sales of gift cards and gift certificates are considered prepaid sales and are valid until presented for a purchase of items or services.
- Units must provide a toll-free phone number that gift card and gift certificate holders can call for balance inquiries. The toll free number should be printed on the front or back of the gift card or gift certificate, and displayed at the unit's point-of-sale locations.
- No post-purchase fee or any other fee can be charged by units for any gift cards or gift certificates sold.
- The face value of gift cards and gift certificates cannot be reduced, nor can the holder of the gift card or gift certificate be penalized in any way for non-use or untimely redemption.
- No sales tax is charged at the time gift cards and gift certificates are sold.

**(Sales tax is applied when a gift card or gift certificate is used to purchase items or services.)**

# Gift Card and Gift Certificate Compliance

Gift Cards and Gift Certificates Issued from January 1, 2008, with an Expiration Date :

- Sales of gift cards and gift certificates are considered prepaid sales and are valid until expiration or until presented for a purchase or service.
- The gift card or gift certificate expiration date must be five or more years after the date of sale.
- Units must provide a toll-free phone number that gift card and gift certificate holders can call for balance inquiries. The toll free number should be printed on the front or back of the gift card or gift certificate, and displayed at the unit's point-of-sale locations.
- No post-purchase fee or any other fee can be charged by units for any gift cards or gift certificates sold.
- The face value of gift cards and gift certificates cannot be reduced, nor can the holder of the gift card or gift certificate be penalized in any way for non-use or untimely redemption.
- No sales tax is charged at the time gift cards and gift certificates are sold.

**(Sales tax is applied when a gift card or gift certificate is used to purchase items or services.)**



# Unclaimed Property

**Unclaimed property** is property not claimed by its legal owner.

The purpose of Unclaimed Property Reporting is:

- To reunite Owners with their property.
- To protect the Holder from subsequent claims by the Owners.
- To ensure that any economic windfall benefits the State and its citizens.

**University Accounting and Financial Reporting (UAFR)** is responsible for submitting an annual unclaimed property report to the State of Illinois.

# Unclaimed Property

## **A few examples of Unclaimed Property are:**

- Gift Cards and Gift Certificates
- Unclaimed wages and payroll checks
- SAR/GAR Balances, customer deposits
- Annuity Payments
- Workers Compensation Benefits
- Vendor Payments
- Credit checks or overpayments, unidentified remittances

# Unclaimed Property Common Terminology

The following are common terms in relation to unclaimed property:

**Dormancy Period** is the period of time the unclaimed property remains inactive.

**Holder** is the entity in possession of the unclaimed property.

**Owner** is the individual or entity rightfully entitled to the unclaimed property.

**Due Diligence** requirement states the Holder must attempt to contact the Owner prior to remitting unclaimed property to the State of Illinois.

**Custodian** Most states act as the custodian for the rightful owner of unclaimed property.

# Unclaimed Property Reporting Exceptions

**Following are exceptions to the Gift Card and Gift Certificate Public Act and Unclaimed Property reporting law:**

- Bank-issued Gift Cards
- Gift Cards and Gift Certificates issued for food products
- Gift Cards and Gift Certificates distributed as an award, loyalty, or promotional program
- Gift Cards and Gift Certificates sold to employers or non-profit organizations for fundraising purposes with the following criteria:
  - The Gift Card or Gift Certificate is sold below face value at a volume discount .
  - The expiration date of those Gift Cards and Gift Certificates is more than 30 days after the date of sale.

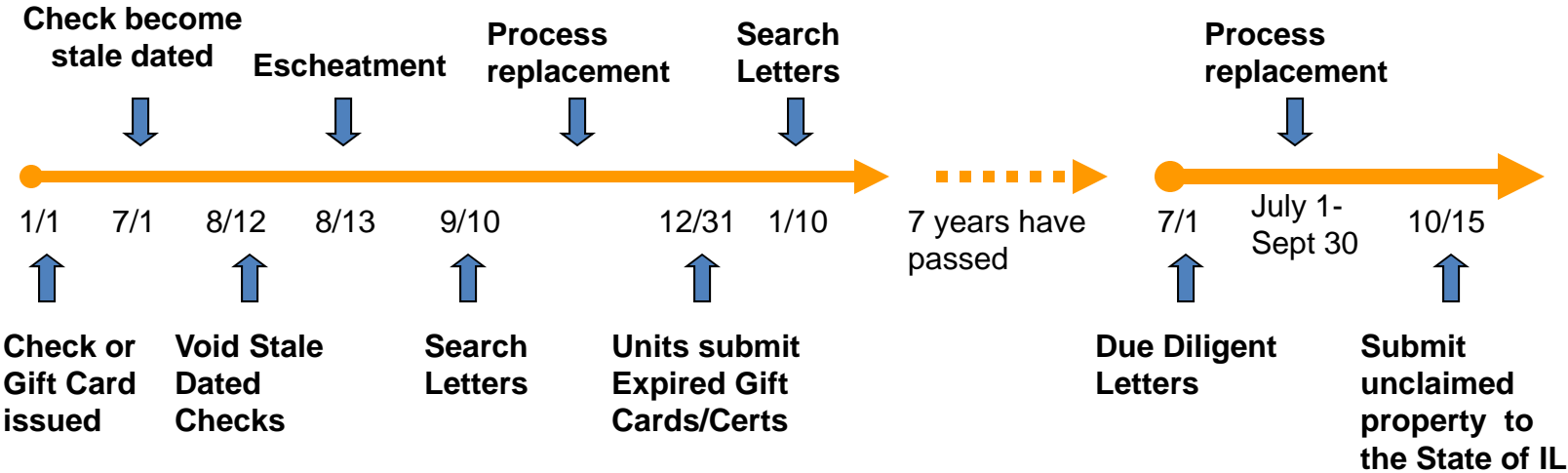
# Escheatment

**The process of turning the unclaimed property over to the State of Illinois is called *Escheatment*.**

- Most Unclaimed Property is first escheated to the Holder, or to the University of Illinois in our case, when it is over 7 months old.
- Gift Cards and Gift Certificates are escheated when they reach their expiration date. If they do not expire, they are exempted from the Unclaimed Property Reporting requirement.
- The Unclaimed Property will be turned over to the State of Illinois when it reaches the dormancy period of 7 years.
- The State of Illinois will hold the unclaimed property forever or until the rightful Owner claims it.

# Escheatment Process Flowchart

With Hypothetical Dates



## Gift Card and Gift Certificate Escheatment

**Unredeemed balances for expired Gift Cards and Gift Certificates must be reported and escheated to the State to comply with the State Unclaimed Property reporting laws :**

- Units must contact UAFR Unclaimed Property Reporting to coordinate the transfer of funds.
- Units must provide any available information about the Gift Card or Gift Certificate holder to UAFR that was collected at the time of the sale.
- Units may not retain any expired funds.

**Note:** The escheatment process for checks doesn't require units to initiate transfers.

## Gift Card and Gift Certificate Escheatment

**The campus unit needs to provide UAFR with the following information for expired Gift Cards and Gift Certificates being escheated:**

- Payee Name (purchaser or recipient)
- Address
- Gift Card or Gift Certificate number(s)
- Value of Expired Gift Card or Gift Certificate
- Date Sold
- Expiration Date of the Gift Card or Gift Certificate
- CFOAP Account
- Payment Method
- Additional Sales Description or Detailed Information



## Contact Information

If you have any questions, please contact OBFS Merchant Card Services via email at [merchantcardhelp@uillinois.edu](mailto:merchantcardhelp@uillinois.edu) or via phone at 217-244-9384.

The UAFR contact for reporting Gift Card and Gift Certificate unclaimed property is Tiffany Tsou. You may contact Tiffany by phone at 217-333-4952 or by email at [ytsou@uillinois.edu](mailto:ytsou@uillinois.edu) .

***Thank you!***