

IFI Bulletin

May 2018 [www.incentivefederation.org](http://www.incentivefederation.org)

**IFI Joins the American National Standards Institute as First Step to Become the Developer of Standards for the Incentives and Recognition Industry**

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| **Who are the Incentive Federation’s members? e**The Incentive Federation is the only organization whose membership and leadership includes all the industry’s national trade associations, as well as individual industry companies. It is under The Incentive Federation umbrella that the collective interests of the Incentive Marketing Association (IMA), the Promotional Products Association International (PPAI), The Incentive Research Foundation (IRF), the Recognition Professionals International (RPI) and Society for Incentive Travel Excellence (SITE) are discussed, nurtured and advanced. |
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| **IFI Mission Statement****The Incentive Federation is dedicated to promote, protect and research the incentive field, including corporate gifts, rewards, recognition, promotional products and related**  **promotions.** |

promotions.

The Incentive Federation has been approved as a member of the American National Standards Institute (ANSI) and is the process of applying to serve as an ANSI Accredited Standards Developer for the incentives and recognition industry.

The IFI Board approved the steps for the Federation to become the industry’s Standards Developer in late March. The action acknowledges that standards developed and applied in thousands of industries worldwide have helped improve efficiency, productivity and quality in manufacturing and delivery of products and services. Only in the past few years has the concept of standards for quality management gained acceptance, and efforts are now being made to extend those principles to organizational engagement with employees and customers.

Standards for the incentive and recognition industry, when properly applied and executed, promise to help businesses deliver more powerful and effective solutions and programs for rewarding and recognizing excellent employee performance, increasing productivity and ensuring customer retention and satisfaction.

The Board recognized that each of the five non-profit organizations serving as IFI members (see on left) have an interest and stake in developing standards for the benefit of their members and sponsors. Since the IFI has served for many years as the umbrella group for the broad marketplace of incentives, recognition, rewards, promotional products, corporate gifts, awards, incentive travel and motivation in areas such as research, legislative monitoring and public outreach, the Board decided that the IFI is a logical “home” for standards development.

Developing standards for the disparate interests of the members represented by the five non-profit organizations, as well as IFI’s corporate members, will be a lengthy and rigorous process requiring ongoing work for several months. Once standards are eventually developed and approved, regular monitoring, revision, measurement and evaluation procedures are required by the developer organization.

IFI members will be invited to participate in the standards development process, assuming the IFI is approved by ANSI.

To learn a bit more about what industry standards are, why they are important and how they can be applied to benefit your organization and your customers, review this brief [presentation](http://www.incentivefederation.org/wp-content/uploads/2018/04/Creating-Inudstry-Standards-for-Incentives-and-Recognition-2018-041018pptx.pdf). We welcome your questions and comments.

**Will Incentive Industry Companies and Customers be Impacted by Supreme Court Ruling on Out-of-State Collection of Use and Sales Taxes?**

The U.S. Supreme Court heard oral arguments on April 17 over whether the state government of South Dakota has authority to collect sales tax on goods and services delivered from remote sellers that don't have a physical presence in South Dakota.

By the end of June 2018, the Supreme Court can decide once and for all if the current law remains as is, or if there should be different circumstances under which states may impose sales and use tax collection obligations on remote sellers. The oral arguments in the *South Dakota v. Wayfair, Inc.* case indicated that the outcome of the case is far from certain. While the court is sympathetic to the argument that states are losing a great deal of revenue, it is also grappling with the argument that businesses have relied on the court’s previous ruling for 26 years, and the fact that Congress has not chosen to impose a use tax collection obligation on remote sellers.

At issue is a decision the justices made 25 years ago that ruled sales tax could be levied only on businesses within a state's physical jurisdiction. The Trump administration has urged the court to let state and local governments collect billions of dollars from online retailers.

An important question that is lurking in the background is the impact on the incentive and overall marketplace if the Supreme Court modernizes its state sales and use tax jurisprudence and eliminates the physical presence requirement. Should that occur, remote sellers would find themselves treated the same way as brick and mortar retailers when it comes to collecting sales and use taxes. The effects of such a ruling on various remote sellers and the implications for incentive industry companies are not clear.

Will companies that drop ship merchandise to end users on behalf of an incentive house be responsible for reporting and collecting taxes? What if the merchandise is shipped to award recipients in several different states, each with different sales or use tax laws? Will a performance improvement company or their clients be held liable since the clients are eventually paying for the merchandise? Will promotional products distributors, suppliers, end buyers or end users have to collect and remit sales and use tax to the states, and if so, which states?

For his most recent interpretation and background on this issue read George Delta’s May 2018 [**Washington Update**](http://www.incentivefederation.org/wp-content/uploads/2018/05/IF-Wash-Update-05.15.18.pdf) prepared exclusively for the Incentive Federation.

**IMA To Offer Webinar on 2018 Tax Laws and Their Effects on Incentive and Recognition Programs**

This webinar will be offered on **Friday, May 18, 2018 at 2:00 – 2:45 pm CDT**. It’s sponsored and hosted by the Incentive and Engagement Solution Providers special interest group of the Incentive Marketing Association. The guest speaker will be legal counsel and industry expert George Delta, Esq. Delta has been a longtime advocate of the Incentive Federation and the Incentive Marketing Association and was inducted into the IMA's Hall of Fame in 2017.

The session will be conversational in nature and moderated by Brant Dolan with the Quality Incentive Company and IESP's 2017-18 President.

The webinar will highlight issues including:

\* Tax laws on years of service & safety awards
\* How awards affect Federal Labor Laws relative to overtime
\* California law on program classifications and cash out options

The program will be recorded and available to IMA members on-demand.  ***Registration will close at 5:00pm CDT Thursday, May 17.***

To register for the webinar, click [**here**](https://form.jotform.com/81265084996166)**.**

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If you have questions, advice for the Board, or want to raise issues for the Board to think about, please contact Steve Slagle at steves3309@gmail.com or 864-710-6739.