**Employee Achievement Awards Exclusion Survives in Tax Cuts and Jobs Act**

The 2017 Tax Cuts and Jobs Act passed both the U.S. Senate and the U.S. House of Representatives, albeit with two votes by the House due to some procedural matters, and was signed buy the President before Christmas.

The incentive, recognition and corporate gifting industry is a fortunate recipient of the support of several elected officials who listened to and agreed with industry leaders that the tax exclusion afforded Section 274(j), Employee Achievement Awards of the IRS Code, should remain law and not be repealed as was contemplated by the House of Representatives just a few months ago. Additionally, clarifying language defining tangible property for purposes of instructing what constitutes a tax deductible award was inserted into the bill by the Senate. The language is summarized as follows:

*"The Senate amendment adds a definition of “tangible personal property” that may be considered a deductible employee achievement award. It provides that tangible personal property shall not include cash, cash equivalents, gift cards, gift coupons or gift certificates (other than arrangements conferring only the right to select and receive tangible personal property from a limited array of such items pre-selected or pre-approved by the employer), or vacations, meals, lodging, tickets to theater or sporting events, stocks, bonds, other securities, and other similar items. No inference is intended that this is a change from present law and guidance."*

The Incentive Federation worked hard this year to monitor the tax reform actions of Congress and to keep the IFI members and other companies in the industry informed. We lobbied, encouraged members to write letters and make calls to elected officials, and contacted Senators and Representatives directly. However, the Federation cannot take all the credit for saving 274(j) from repeal, as it was largely the efforts of IFI member companies and industry leaders that achieved the success.

In particular, the Federation wishes to give a special thank you and acknowledgment to O.C. Tanner, a Utah-based recognition and performance improvement company.  O.C. Tanner has been in a unique position to educate and persuade some key elected officials, and in particular Senator Orin Hatch (UT), who chairs the Senate Finance Committee. Senator Hatch was a strong and influential proponent of the provisions within 274(j), and he became a proponent largely due to O.C. Tanner's relationship with the Senator over many years.

On behalf of the IFI Board of Directors the Federation also wishes to thank all individuals who responded to our call for contacting elected officials by writing letters and making calls. The success we've had keeping a valuable and important tax exclusion for our industry's companies and their business clients was clearly a joint effort. Thank you all.