



Robert W. Wood

THE TAX LAWYER

Jan. 17 2012 — 5:42 am

Why Ricky Gervais Sicced IRS on Golden Globes

Host Ricky Gervais was too tasteless for some and too tame for others at the Golden Globes. But mentioning the goody bags celebs take home as a balm to the recession was a barb bordering on taboo. Most people who attended the Golden Globes didn't win one of the coveted awards. The consolation prize?



Gift bags, goody bags, and [swag](#). Nominees and presenters got the best freebies. Is it counterintuitive to give A-listers stuff they could easily buy? Maybe, but many businesses dream of getting celebrities to endorse their products or be seen wearing or using them.

The bigger the star, the more outsized and expensive the gifts. Celebrities like [Angelina Jolie](#) and [Rooney Mara](#)? Dooney & Bourke Zipper Pocket Sac filled with goodies from [Swarovski](#), [L'Oreal](#) and Godiva. George Clooney and other leading men got guy-centric gifts from [Lacoste](#), [Kenneth Cole](#) and The Container Store. See [Gift Bags](#).

You don't have to have a luxury goods company to get on this bandwagon. Calgary gluten-free snack maker [CheeCha Puffs](#) supplied wagon wheel-shaped chips hoping to cash in on Hollywood's gluten-free trend. But if you're talking valuables, IRS guidelines are clear, and here's how the IRS addresses taxes on these goodies.

In general, a person receives taxable income equal to the fair market value of the gift bag and its contents. They must report it on their federal income tax return.

Q: What about non-transferable gift certificates or vouchers for trips or personal services included in gift bags?

A: If the person accepts and redeems the non-transferable certificates or vouchers in the gift bag, the recipient must include the fair market value of the trip or personal service on his tax return.

Q: If these are gifts, why do they have to be treated as income?

A: These gift bags are ***not gifts*** for tax purposes. The organizations and merchants who give them don't do so solely out of affection, respect, or similar impulses.

Q: Can the recipient take a charitable contribution deduction if he contributes the gift bag to charity?

A: Yes, if the gift bag is donated to a qualified charity, the recipient may be able to take a tax deduction, subject to applicable limits. But the fair market value of the gifts must still be reported on the celebrity recipient's tax return.

Q: Are there third-party reporting requirements for the gift bags?

A: Yes. Organizations and vendors distributing gift bags may have to issue tax forms. They should review Form 1099-MISC, Miscellaneous Income, instructions to determine their reporting responsibilities.

Q: What if the celeb makes selections at a free shopping room in recognition of involvement in an awards show?

A: In general, that's income too equal to the fair market value of the selections made at the free shopping room, and must report them on his or her tax return.

For more, see:

[IR-2006-128, IRS Begins Outreach to Entertainment Industry on Gift](#)

[Bags following Academy Agreement](#)

[Academy of Arts and Sciences News Release](#)

[IRS: Gift Bag Questions and Answers](#)

*Robert W. Wood practices law with [Wood LLP](#), in San Francisco. The author of more than 30 books, including *Taxation of Damage Awards & Settlement Payments* (4th Ed. 2009, [Tax Institute](#)), he can be reached at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.*