



STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P.O. BOX 119
HONOLULU, HAWAII 96810-0119

JUL 18 2006

COMPTROLLER'S MEMORANDUM NO. 2006-16

TO: Heads of Department
ATTN: Fiscal Office and Personnel Offices
SUBJECT: Mandatory Reporting of Cash Awards

This memorandum supercedes Comptroller's Memorandum No. 2005-31, Mandatory Reporting of Cash Awards, dated December 2, 2005.

All cash or cash equivalent awards such as check, savings bond or gift certificates given to an employee for outstanding work (i.e., manager, employee, and team awards), for years of services awards, and at retirement must be included in the employee's gross pay and reported taxable income. The amount of the awards must be reported in employee's W-2, Wage and Tax Statement, in the tax year that the award was given to the employee.

Awards given to an employee retiring at the end of a tax year should be issued early in December to ensure that the amount of the award can be included in the last payday of the year. The applicable award should be reflected on the appropriate payroll change schedule for pay type code "T".

If you have any questions, please call Wayne Horie, Accounting Division Chief, at 586-0600 or Sheila Walters of our Pre-Audit Branch at 586-0650.

A handwritten signature in cursive script that reads "Russ K. Saito".
RUSS K. SAITO
State Comptroller