

Alert | RETAIL AND CONSUMER PRODUCTS

WE TURN EXPERTISE
INTO RESULTS.

 **J.H. COHN** LLP
Accountants and Consultants since 1919

NEW FEDERAL LEGISLATION IMPACTS GIFT CARDS

Federal legislation impacting gift card expiration dates and fees went into effect on August 22. This new legislation includes numerous changes that will directly affect retailers, including:

- Gift cards must be good for at least five years from the purchase date and any money added at a later date must also be good for at least five years.
- Consumers may use unspent money on a card even after it expires if the card expiration date takes place prior to the fund expiration date; in cases such as this, consumers may request a replacement card.
- Fee limits have been enacted for card dormancy or inactivity as well as on card maintenance fees, and the legislation permits retailers to charge a fee to replace lost or stolen gift cards.
- Retailers are now required to clearly disclose all fees and restrictions on the card or card packaging; the legislation, however, does not mandate parameters for this disclosure.

Some exemptions to the new legislation do apply, including the following types of cards:

- Certain reloadable pre-paid cards not intended or marketed as gift cards are exempt from the legislation.
- Cards given as any kind of reward or promotion are excluded from compliance requirements.
- Any cards offering a free item or a percentage off are excluded, providing there is no dollar value attached.

For more information about this legislation and how it may impact your company's card sale or distribution policy, please contact Richard Schurig, CPA, partner and Retail and Consumer Products Industry Practice director, at rschurig@jhcohn.com or 973-364-6670.

August 2010

California

Los Angeles

11755 Wilshire Boulevard
17th Floor
Los Angeles, CA 90025
310-477-3722

San Diego

4180 Ruffin Road
Suite 235
San Diego, CA 92123
858-535-2000

Warner Center

21700 Oxnard Street
7th Floor
Woodland Hills, CA 91367
818-205-2600

Cayman Islands

P.O. Box 1748 GT
27 Hospital Road
George Town, Grand Cayman
877-704-3500 x7839

Connecticut

Glastonbury

180 Glastonbury Blvd.
Glastonbury, CT 06033
860-633-3000

New Jersey

Roseland

4 Becker Farm Road
Roseland, NJ 07068
973-228-3500

Eatontown

27 Christopher Way
Eatontown, NJ 07724
732-578-0700

Lawrenceville

997 Lenox Drive
Lawrenceville, NJ 08648
609-896-1221

Metro Park

333 Thornall Street
Edison, NJ 08837
732-549-0700

New York

Manhattan

1212 Avenue of the Americas
Suite 1200
New York, NY 10036
212-297-0400

Charles Brucia & Co.,
A Division of J.H. Cohn LLP
1212 Avenue of the Americas
New York, NY 10036
212-682-2459

Frederic Kantor & Company,
A Division of J.H. Cohn LLP
1212 Avenue of the Americas
New York, NY 10036
212-727-2300

Long Island

100 Jericho Quadrangle
Suite 223
Jericho, NY 11753
516-482-4200

White Plains

1311 Mamaroneck Avenue
White Plains, NY 10605
914-684-2700



877-704-3500
www.jhcohn.com

This Alert is published by J.H. Cohn LLP for the general information of its clients, friends, and business associates and should not be acted upon without prior professional consultation.