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Policy Owner	Vice-President, Administration
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Review Date	
Supersedes	

PROCEDURE FOR PAYMENT OF HONORARIA

PURPOSE

1. The purpose of these Procedures is to provide clarity regarding the definition and payment of honoraria from the University and to provide a framework for consistent and fair treatment across the University. The term “honorarium” is often misunderstood in the University setting resulting in payments being incorrectly coded for income tax purposes. As a result of these errors the University may be:
 - a) In violation of federal and provincial tax regulations that require mandatory deductions from employment income.
 - b) In violation of the Employment Standards Act (ESA) if the services/work performed is in fact employment in nature.
 - c) Subject to a reassessment by the Canada Revenue Agency (CRA) with the University being required to pay the employer and employee share of taxes (i.e. Canadian Pension Plan (CPP), Employment Insurance (EI), Workplace Safety and Insurance Board (WSIB), and Employer Health Tax (EHT) plus fines and penalties.
 - d) In violation of purchasing requirements if the individual being paid is in fact an independent contractor.
 - e) Subject to damage to its University’s reputation.

Further, incorrect coding of payments can also negatively impact the individual receiving the payment as ultimately, they will be responsible for paying income taxes on the amount. This can be a financial burden if this was not anticipated, especially if the amount is substantial. The individual can also be assessed fines and penalties for late payment of these taxes.

DEFINITIONS

2. For the purposes of these Procedures the following definitions apply:

“**Honorarium**” is not well defined by the Canada Revenue Agency (CRA). From a CRA perspective, payments for services made to an individual are either employment income or business income. The CRA does however support the notion of small payments that are not subject to the usual tax rules. The criteria for these payments include:

 - a) They are \$500 or less in a calendar year;
 - b) They are made to an individual for voluntary services for which fees are not legally or traditionally required;

- c) They are not reflective of the value of the work done;
- d) They are made on a one-time or non-routine basis to an individual as a “thank you”.

SCOPE AND AUTHORITY

- 3. These Procedures apply to payments of honoraria by the University, regardless of the source of payment.
- 4. These Procedures do not apply to: (a) payments to research participants – in which case the specific Procedure on that topic should be applied, and (b) financial payments to individuals from First Nations, Metis and Inuit, Elders and other Knowledge Keepers for sharing their traditional knowledge or conducting ceremonial activities.
- 5. The Vice President, Administration, or successor thereof, is the Policy Owner and is responsible for overseeing the implementation, administration and interpretation of these Procedures.

PROCEDURES

6. When to pay honorarium

6.1. An honorarium may be used as payment to:

- a) a non-professional, as a “thank you” or gesture of goodwill and appreciation,
- b) a guest speaker or lecturer,
- c) an external party for a special classroom lecture or short series of such lectures,
- d) an individual for conducting a seminar or workshop,
- e) a guest speaker at an educational event or other similar function,
- f) a guest speaker participating at outreach events,
- g) a volunteer for assistance for set-up or supporting activities at special events;
- h) an external examiner whose services are engaged on a one-time or very infrequent basis

In other situations, university officials who wish to pay an honorarium may consult with the Manager, Business Operations.

6.2. Amounts paid to any individual will be less than \$500 in a calendar year.

6.3. Arrangements that involve a prior agreement for payment between an individual providing services and the University constitute a contractual arrangement. Such arrangements generally do not meet the definitions of an honorarium.

Commented [GE1]: Note – although this is \$500 is set out in the definition, it is an important point, and sometimes readers gloss over defns. Worth repeating.

- 6.4. An honorarium is not appropriate if the University is obtaining the services of a professional speaker or consultant. In such cases the individual would be considered self-employed and should receive a fee for service or consulting payment.

7. Accountability and Process

- 7.1. University employees cannot receive an honorarium from the University. Any adjustment to individuals' salary or hourly rate must follow the applicable procedures as set out by Human Resources.
- 7.2. Honoraria cannot be paid from research funds to individuals that are part of the grant team, being otherwise compensated as part of the research project, or the grant recipient or collaborator.
- 7.3. An honorarium paid to a resident of Canada who is not an employee of the University is not subject to tax deductions; however, the individual will be issued a T4A for the payment, and when they file their tax return for the year, any taxes owing on the amount paid will be assessed by the CRA.
- 7.4. An honorarium paid to non-residents of Canada are subject to a flat rate income tax deduction and are reported on a T4A-NR. If the service was performed outside of Canada, there is no tax deduction or reporting requirements.
- 7.5. The University representative that is seeking services is responsible for understanding whether an honorarium is appropriate and for seeking clarity where there is uncertainty. Representatives are to contact the Manager, Business Operations, to discuss or interpret this procedure.
- 7.6. If honoraria is appropriate, the University representative wishing to make payment is to complete the honoraria payment form and submit to Accounts Payable, or in the case of payments from research funds, Research Accounting. Forms that are incomplete will not be processed.
- 7.7. Finance will review the submitted honoraria payment form, and if complete and acceptable, will process payment. Relevant tax documentation will be issued on an annual basis.

Commented [NO2]: Is there any limit on which university employees/officials may sign off on an honorarium payment? Is this explained in the Expenses Policy/Procedure?

Commented [GE3R2]: I think this would be the signing authority policy, but at <\$500 it would basically be a pretty wide population.

MONITORING AND REVIEW

8. These Procedures will be reviewed as necessary and at least every three years. The Vice-President Administration, or successor thereof, is responsible to monitor and review these Procedures.

RELEVANT LEGISLATION

9. This section intentionally left blank.

RELATED POLICIES, PROCEDURES & DOCUMENTS

10. Expense Policy
Expense Procedure

Research Ethics Policy

Expense Procedure: Payment to Research Participants

Signing Authority Policy

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