

# Honorarium Policy

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## Overview

An honorarium is a token of appreciation paid to an individual for voluntary services. The arrangement between the individual and the Institute is informal and does not involve a contract, purchase order, or invoice. Payment to the participant is at the discretion of the Institute without a legal or contractual obligation to make to such a payment.

Services are generally associated with lectures, workshops, or research collaboration on campus or offsite locations. Speakers and other invited guests participate in seminars and presentations on a voluntary basis.

## Honorarium Categories

Honorarium payments can only be issued as a voluntary payment to individuals who are not business owners, partnerships, or sole proprietors. Business entities, organizations, consultants, or corporations do not fall into this payment classification. Suppliers, businesses, and other professional consultants require a formal purchase order and invoice for services rendered.

Examples of honorarium payments:

- Special lecture or guest speaker for a seminar, workshop, presentation, etc.
- Commencement speaker
- Research collaboration
- Panel discussion/participation

The following are NOT honorarium payments:

- Athletic officials
- Human subject participants
- Independent contractors and consultants
- Performers, actors, entertainers, models, artists, etc.
- Temporary and casual labor
- Goods, supplies, services, utilities, taxes, insurance and freight

## **Employees cannot receive honoraria for services and other reportable income:**

- Compensation for overtime, employment or secondary job assignments
- Employee merit and service awards
- Work as instructors or tutors
- Gifts, awards, prizes, cash incentives, bonus

Important: Wages and other income payable to staff, faculty, and students must be paid through Payroll Services and reported on Form W-2.

## **Requesting Honorarium Payments**

Requisitioners must submit a PTA Payment Request Form via TechMart. Honoraria category is listed on the Payment Request Usage List. TechMart instructions and training materials are available on the Procurement Services website.

All payment requests are processed by the Specialty Team following established policies and procedures. For a new supplier, tax forms must be collected and verified before payee record is added to the Oracle Supplier database. Please allow 10-15 business days for Supplier Management to send/receive tax documents, review for accuracy, and analyze payee's tax status to determine applicable income tax withholding and reporting.

Foreign individuals are required to submit additional forms (i.e. visa, passport, etc.) to Supplier Management in a timely manner to avoid payment delays. Payment Services cannot issue payments until tax forms are received and tax verification is completed.

## **Travel Reimbursements**

Visitors and guest speakers may receive travel reimbursements at the discretion of the sponsoring division. If such request is approved, travel reports must be submitted via CardQuest. Refer to Travel Policy on the Procurement Services website.

## **Income Tax Reporting**

Payment Services complies with all Federal and State income tax reporting regulations. Honoraria is considered income and must be reported to the Internal Revenue Service and Franchise Tax Board. All necessary tax documents will be collected from the payee to determine appropriate tax application.

Withholding may be applicable dependent upon final evaluation of tax documents submitted by the payee. Foreign nationals and California nonresidents may be subject to either Federal or CA State withholding or both.

Payment Services issues one or more of the following tax forms to report income earned (e.g. honoraria) in the US and/or California.

- 1099-M Form – US persons
- 1042-S Form – Nonresident aliens
- 592-B Form – Nonresidents of CA

## **Limitations**

An honorarium may not be an allowable expense under some Federal awards or contracts. Divisions are responsible for verifying if costs are allowable or unallowable before submitting requests to Payment Services. Discretionary funds may be used for honorarium payments.