HONORARIUM

Background
Honoraria may be provided to individuals who volunteer their services for which fees are not normally charged or expected by the individual. In situations where there is an expectation of payment, regular procurement process should be followed for services provided by non-employees.

There are legal and reporting requirements that must be followed when providing honorarium payments.

Procedure
An honorarium is an *ex gratia* payment (i.e., a payment made without the giver recognizing themselves as having any liability or legal obligation) made to a person for their services in a voluntary act. It is a one-time payment and not paid on an ongoing basis.

1. Honoraria paid to Employees

   1.1. Honoraria payments made to employees in excess of $250 require the approval of the Secretary-Treasurer, Superintendent or designate. Approval should be obtained prior to the service being rendered.

   1.2. Requests for Honoraria payments must be submitted via Requisition-Staff Honorarium form

   1.3. In Canada, honoraria provided in the form of cash to employees are considered as salary and thus, taxable income under the *Income Tax Act*.

      1.3.1. All Honoraria paid to employees in the form of cash shall be issued through the payroll system and reported on a T-4

   1.4. Honoraria provided in the form of a gift or gift card to employees are considered a benefit and may be taxable. See AP 508 – Gifts and Gift Cards.

2. Honoraria paid to Non-employees

   2.1. Honoraria payments made to non-employees require the approval of the Administrator or Department Manager. Generally, these payments should not exceed $250 but in extenuating circumstances, permission to exceed this amount may be granted by the Assistant Superintendent, Secretary-Treasurer, Superintendent or designate.

   2.2. Requests for Honoraria payments must be submitted via Requisition-Honorarium form and must include the recipient's social insurance number, the rationale for payment, and any available supporting documentation.

   2.3. In Canada, honoraria provided in the form of cash to non-employees are considered taxable income under the *Income Tax Act* and must be reported on a T-4A.

      2.3.1. To fulfill the required legal responsibilities of reporting to the Canada Revenue Agency, payments of $500 or more, in aggregate, for the calendar year will be reported on a T4-A slip.

2.4. All Honoraria payments to non-employees, in the form of cash, are to be processed through Corporate and Financial Services, Accounting Department.

2.5. In cases where a payment is made to an individual who is not a resident of Canada, the honorarium is subjected to income tax withholding (usually 15%).

2.6. Honoraria provided in the form of a gift or gift card is covered under AP 508 – Gifts and Gift Cards.

Reference: AP508 Gifts and Gift Cards

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