

DISBURSEMENTS: HONORARIUM PAYMENTS

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DISBURSEMENTS: HONORARIUM PAYMENTS

I. INTRODUCTION

This chapter defines the types of activities for which an honorarium payment is appropriate and provides information on the eligibility for and processing of such payments.

II. DEFINITION

An honorarium is a payment granted in recognition of a special service or distinguished achievement for which or propriety forbids any fixed business price to be set.

III. POLICY

A. HONORARIUM TRANSACTIONS

The types of activities for which honorarium payments may be made include the following:

- 1) A special lecture, a short series of such lectures, or a concert or other creative activity (see Academic Personnel Manual (APM), Section 666).
- 2) Participation in a seminar or workshop as a guest speaker or panelist, provided such services are furnished on a short-term basis.
- 3) A speaking engagement.
- 4) Appraisal of a manuscript for the University Press or an article submitted to a professional publication (see APM, section 665).

Non-honorarium transactions include the following:

- 1) Performance fees for speakers sponsored by a campus Arts and Lectures or other similar types of campus nonacademic organization.
- 2) Independent consultant payments governed by Business and Finance Bulletin (BFB) BUS-34, Securing the Services of Independent Consultants.

- 3) Independent contractor payments governed by BFB [BUS-77](#), Independent Contractor Guidelines.
- 4) Faculty consulting payments governed by APM Section [664](#), Additional Compensation/ Services as Faculty Consultant.
- 5) Payments for activities covered under APM Section [661](#), [662](#), [663](#), or [667](#), teaching summer session, Extension, or correspondence courses or extramurally-funded research, also may not be treated as an honorarium transaction.

B. ELIGIBILITY

Generally, honoraria are paid to persons of scholarly or professional standing in conjunction with an academic activity. Both employees and non-employees are eligible to receive honorarium payments. (See APM Sections [660](#) and [666](#) for the rules governing the eligibility of University faculty to receive additional Compensation.)

Honoraria may be paid to foreign visitors in accordance with University policy and subject to the restrictions of their visa classification (see below).

C. ALLOWABLE RATES

Chancellors and the Vice Presidents may establish honorarium rates for their respective jurisdictions.

D. PAYMENTS CHARGED TO FEDERAL FUNDS

Honorarium payments generally are not allowable charges to Federal funds unless a contract or grant specifically authorizes such payments.

III. POLICY (Cont.)

D. PAYMENTS CHARGED TO FEDERAL FUNDS (Cont.)

Payments for conducting seminars and workshops and for giving special lectures may be allowable charges to certain Federal contracts and grants if it can be established that such a service benefits a project.

Honorarium payments should be specified as direct cost items at the time a contract or grant proposal is prepared.

IV. PAYMENT PROCEDURES

A. PAYMENT METHODS

1. Payments to University Employees

Honorarium payments to University employees are initiated on a One-Time Payroll Payment Authorization form (UPAY 564) or as a one-time payment transaction using the On-line Payroll Time Reporting System. Such payments are subject to withholding for income and employment taxes and are reported on the employee's Form W-2. (For more information, see Accounting Manual chapter [P-196-11](#), Accounting for and Tax Reporting of Mandatory Deductions and Insurance Benefit Contributions.)

* When processing honorarium payment requests, it is recommended that the requester inquire if the recipient is an employee of the University system. A suggested form for this purpose, which may be modified or incorporated into an existing campus form, is included at the end of this chapter. (See Exhibit I.)

For restrictions on honorarium payments to individuals participating in any Health Sciences compensation plan, see Accounting Manual chapter [H-214-75](#), Health Sciences Compensation Plans.

2. Payments to Non-University Employees

Payments to non-University employees are initiated on a Form U5, Check Request or similar campus form. The Form U5 must include the payee's Social Security Number or, for nonresident aliens, the Individual Taxpayer Identification Number. For information on the tax coding of such payments, see Accounting Manual chapter [D-371-12.1](#), Disbursements: Accounting for and Tax Reporting of Payments Made Through the Vendor System. Payments initiated on a Form U5 are reportable on Form 1099 MISC but generally are not subject to Federal and State tax withholding, with the following exceptions:

- a. **Nonresident aliens.** Honorarium payments to nonresident aliens are subject to Federal tax withholding and reporting on a Form 1042S. See Accounting Manual chapter [T-182-27](#), Federal Taxation of Aliens, for a list of visa classifications that permit a nonresident alien to receive an honorarium payment. Residents of foreign countries who receive income from California sources are generally subject to State income tax withholding (see below).
- b. **California nonresidents.** For State tax withholding at source requirements and procedures for honorarium payments to California nonresidents who are not employees of the University, refer to Accounting Manual chapter [D-371-77](#), Disbursements: State Tax Withholding from Nonwage Payments to Nonresidents of California.

III. PAYMENT PROCEDURES (Cont.)

A. PAYMENT METHODS

3. Payments to a Third Party

As a general rule, an individual who assigns or transfers compensation for personal services to another individual or entity is not relieved of Federal income tax liability, regardless of the motivation behind the transfer. Thus, an honorarium is reportable as additional income to the individual performing the services, even if the actual payment is made to a third party.

B. APPROVAL

Honorarium payments must be approved by the Chancellor or Vice President or by a person who has been delegated such authority.

C. CHECK DISTRIBUTION

Checks for honorarium payments should be mailed directly to the payee or may be held by the accounting office for pick-up by the payee. Such checks should not be released to the department that initiated the payment. If an honorarium payment to an employee must be returned to the originating department, the employee should be required to sign for the check before it is released.

V. REFERENCES

Academic Personnel Manual, Sections 660 through 667, Policy on Additional Compensation.

Accounting Manual chapters:

D-371-12.1 Disbursements: Accounting for and Tax Reporting of Payments Made Through the Vendor System.

D-371-16 Disbursements: Approvals.

- D-371-77 Disbursements: State Tax Withholding from Nonwage Payments to Nonresidents of California.
- H-214-75 Health Sciences Compensation Plans.
- P-196-11 Payroll: Accounting for and Tax Reporting of Mandatory Deductions and Insurance Benefit Contributions.
- P-196-77 Payroll: State Tax Withholding from Employees.
- ** T-182-27 Taxes: Federal Taxation of Aliens

Business and Finance Bulletins:

- BUS-34 Securing the Services of Independent Consultants.
- BUS-77 Independent Contractor Guidelines

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****EXHIBIT I**

**HONORARIUM RECIPIENT EMPLOYMENT STATUS
WORKSHEET**

INFORMATION ABOUT RECIPIENT

Social Security Number _____ Taxpayer ID Number _____

Name _____ Address _____

City _____ State/Zip _____

If Foreign National - Country _____ Visa Type _____

Amount of Payment _____

The dates of activity at the University of California will be from _____ to _____

RELATIONSHIPS WITH THE UNIVERSITY OF CALIFORNIA SYSTEM

Is this individual on record as a current employee of this Campus or another UC location? Yes ___ No ___

If Yes, which campus/location? _____

Employee ID # _____

CERTIFICATION

I certify that the information contained on this form is to the best of my knowledge and belief, true and complete.

Signature of Honorarium Recipient _____ Date _____
or Responsible Department

Prepared by _____ Date _____