

## HONORARIUM

### Background

From time to time individuals provide services in a volunteer capacity or for services for which fees are not traditionally required or expected. This could include such services to recognize coaches or guest speakers.

It may be appropriate to provide a small payment for the volunteered services.

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

Honoraria payments made to employees, whether cash or gift, require the approval of the Secretary-Treasurer or Superintendent. If an employee is being paid an honorarium, it must be for recognition for additional services that are not within their job description.

1.1. In Canada, honoraria paid to employees are considered as salary and thus, taxable income under the *Income Tax Act*. In the case where a gift is substituted for honorarium (gift in lieu of money), it is classified as a taxable benefit by Canada Revenue Agency.

1.2. All honoraria paid to employees will be issued through the payroll system and reported on a T-4.

#### 2. Honoraria paid to Non-employees

2.1. Honoraria payments made to non-employees, whether cash or gift, require the approval of the Administrator or Department Manager.

2.2. In Canada, honoraria paid to non-employees are considered taxable income under the *Income Tax Act* and must be reported on a T-4A.

- 2.3. All honoraria payments are to be processed through the Finance department to fulfill the required legal responsibilities of reporting to the Canada Revenue Agency.
- 2.4. An honorarium is to be requested as a lump sum payment on a 'Request for Honorarium' form and must provide the recipient's social insurance number, the rationale for payment, as well as any other supporting documentation.
- 2.5. Honoraria are limited to \$500 total and no more than \$50 per hour. If a presenter requires a higher fee, they are to invoice the District (i.e. for instructor services). The invoice will be processed by Accounts.
- 2.6. In cases where an honorarium is paid to an individual who is not a resident of Canada, the honorarium is subjected to income tax withholding (usually 15%).

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