

DEPAUL UNIVERSITY



Honorarium Payments

Category: Financial Affairs

Responsible Department: Accounts Payable

Responsible Officer: Controller

Effective Date: 04/04/2018

Policy Summary

This policy defines honoraria, including how these payments differ from consulting or other professional service fees, and outlines the associated payment process.

Scope

This policy affects the following groups of the University:

- Full-Time Staff
- Part-Time Staff
- Full-Time Faculty
- Part-Time Faculty
- Students

This policy affects all members of the above groups.

Policy

A. Definition

An honorarium is a payment given by the university to an external party for services pursuant to authorized university business, when the payment of fees is not legally or traditionally required. Payment is limited to guest speakers and individuals offering other non-commercial services who would not be expected to generate an invoice or other formal request for remittance. Honoraria may not be used to pay professional services. Payments to DePaul employees for similar services should be processed according to the appropriate Human Resources policies and procedures for one-time payments.

B. Criteria

To qualify for an honorarium payment, all of the following must characterize the service and payment:

- The service is provided on a one-time or highly infrequent basis;
- The service provided has no tangible deliverable product, such as a report, an analysis, software code, or a process or assistance with a task (e.g. strategic planning process, meeting planning or facilitation, assistance with an executive search, and market research assistance). Appropriate services are often event-related, such as a performance or speaking engagement;
- Payment for such services is not the recipient's primary source of income;
- Payment is generally considered a token of appreciation for a service provided, rather than fulfillment of an obligation (no written or verbal contract, no negotiation of precise terms and payment amounts).

The recipient of an honorarium payment assumes full and sole responsibility for the payment of his or her state and federal income tax, unemployment insurance, social security, disability insurance and other taxes, fees or costs resulting from compensation. Recipients should also be informed that DePaul has the right to record services in audio, video, and photographic format and to reproduce, distribute, and/or publically display such recording(s), electronically or in print, for educational or non-commercial purposes.

C. Limitations

In contrast, services with any of the following characteristics are considered professional services and cannot be submitted for payment as an honorarium:

- Services are ongoing over a period of time;
- In exchange for an expected payment, the supplier provides a deliverable product (as defined above);
- Payment for such services is the recipient's primary source of income;
- The supplier has strict expectations for specific reimbursement on a per hour, per diem, or per project basis.

D. Taxes

Honorarium payments may be subject to tax reporting and/or tax withholding depending on a number of factors including, but not necessarily limited to, U.S. tax status and amount of payment. To ensure compliance with tax laws at the time payment is issued, requestors must follow the steps outlined on the Honorarium Payment page on the DePaul Financial Affairs website at <http://financialaffairs.depaul.edu/payment/honorarium.htm>

Honorarium payments to nonresident aliens are subject to tax reporting and withholding at a rate of up to 30%, unless a tax treaty provision exists to reduce the withholding rate. With proper immigration documentation, Accounts Payable can assist in determining the applicability of tax treaties and in completing all necessary government forms. If applicable, reporting for these amounts will be made via IRS Form 1042-S. In all cases, for a tax treaty provision to apply, the recipient must have either a U.S. Social Security Number or Individual Taxpayer Identification Number (ITIN).

E. Honorarium Payments to Foreign Officials

Employees should proceed carefully with interactions with “Foreign Officials” (as defined in the [International Anti-Bribery and Corruption Laws Compliance policy](#) due to the increased risk for violations of US Federal and foreign local anti-corruption laws. Bribery of Foreign Officials is against the law in every country and often carries criminal penalties for both the employee and the organization. An honorarium to a Foreign Official must be related to services performed by the Foreign Official pursuant to authorized university business and must comply with all foreign local laws.

Procedures

Completed honorarium payment requests and related forms and agreements should be sent to the [Accounts Payable Department](#). Please direct questions or comments about these procedures to the [Accounts Payable Department](#) or email ap@depaul.edu.

Payments to DePaul employees for services similar to honorarium-type services should not be processed through Accounts Payable. Instead, the payment should be processed as a one-time payment via the Payment Requests system in PeopleSoft and according to the appropriate Human Resources policies and procedures.

The procedures for preparing and submitting requests for honorarium payments are primarily dependent upon the *location* where the services are provided, the *residency status* of the person receiving the honorarium payment, and the *method* of payment. Based on these factors, the procedures for preparation and submission of your planned honorarium payment should be based on one of the following three possible scenarios.

Location and Residency

1. Payment to a U.S. person.

U.S. persons should complete a signed IRS Form W-9. In some instances, the U.S. person may already have a valid W-9 on file. Contact Accounts Payable (ap@depaul.edu) to determine if this is the case or to request a blank W-9 form. Payments without proper tax documentation are subject to withholding.

2. Payment to a non-U.S. person providing services inside U.S. borders.

Non-U.S. persons must complete and submit the [International Information Form](#), along with photocopies of the following information: passport, visa, and I-94 form. Accounts Payable will use the completed International Information Form and other documents to determine which U.S. tax forms need to be completed, and will provide the non-U.S. person with those forms, as needed. Non-U.S. persons should complete, sign and submit any required tax forms, as provided by Accounts Payable. See Section D, above, for additional information regarding tax treaty application and withholding on payments made to non-U.S. persons who provide services within U.S. borders.

NOTE: Due to immigration restrictions on services provided by non-U.S. persons in the U.S., it is critical that Accounts Payable receive the information and documentation referenced above prior to the performance of service.

3. Payment to a **non-U.S. person** providing services outside U.S. borders.

Non-U.S. persons should complete a signed IRS Form W-8BEN, Part 1. A copy of Form W-8BEN can be requested from Accounts Payable (ap@depaul.edu), or from the IRS website.

NOTE: An honorarium to a Foreign Official (as defined in the [International Anti-Bribery and Corruption Laws Compliance policy](#)) must be related to services performed by the Foreign Official pursuant to authorized university business. An honorarium differs from a gift, for which no benefit is expected. See the [Gifts or Donations from the University to External Parties](#) policy for requirements related to gifts to Foreign Officials.

Payment Method

Honorarium payments require approval and documentation consistent with routine payment processing. For additional information visit the [Financial Affairs](#) website or the [Payments to Vendors, Service Providers and Other External Parties](#) policy.

Divisional Collaborations

Global Engagement
Office of the General Counsel

Contact Information

Accounts Payable Manager
Financial Affairs/Controller's Office
(312) 362-5372
ap@depaul.edu

Tax Manager
Financial Affairs
(312) 362-7187

Appendices

Honorarium Payment procedures on the DePaul Financial Affairs website at:
<http://financialaffairs.depaul.edu/payment/honorarium.htm>

History/Revisions

Origination Date: 01/01/2002
Last Amended Date: 04/04/2018
Next Review Date: N/A