



Honorarium Guidelines

What is an honorarium?

From the perspective of the Canada Revenue Agency (CRA), payments for services made to an individual are either employment income or business income. The CRA does however support the notion of small payments that are not subject to the usual tax rules. The criteria for these payments include:

- They are nominal- \$500 or less **in a calendar year**
- They are made to an individual for **voluntary** services for which fees are not legally or traditionally required
- They are not reflective of the value of the work done
- They are made on a one-time or non-routine basis to an individual as a “thank you”

When is an honorarium appropriate?

Keeping the above criteria in mind, examples where an honorarium payment would be acceptable include:

- Guest speaker at a conference or meeting and the University representative seeking services. If payment is agreed upon, this constitutes a contractual arrangement because an independent contractor (business) relationship exists.

An honorarium must not be based on a unit of measure such as hours volunteered or number of

Are honorariums subject to tax deductions?

Honorarium payment to employees:

Payments to individuals who are employees of the University (staff, faculty, or undergrad or graduate students performing employment services for the University) will



services outside the individuals regular responsibilities. These payments will be reported on the employee's T4.

Honorarium payments to non-employees:

- **Residents of Canada:** An honorarium paid to a resident of Canada who is not an employee of the University is not subject to tax deductions; however this does not mean that the recipient does not have to pay taxes on the amount received. The individual may be issued a T4A for the payment, and when they file their tax return for the year, any taxes owing on the amount paid will be assessed by CRA. Recipients will not be issued a T4A, as long as the payment is \$500 or less in a calendar year.
- **Non-residents of Canada:** Where the service was performed in Canada, honorariums paid to non-residents of Canada are subject to a flat rate income tax deduction of 15% and are reported on a T4A-NR. If the service was performed outside of Canada, there is no tax deduction or reporting requirements.

Should the CRA reassess a payment processed as an honorarium as employment income, this can result in required payment of vacation pay, WCB and Employee health premiums, and both the employer and employee share of CPP and EI.

The University faces CRA fines and penalties if the honorarium is not properly included as either business income or salary income with the appropriate deductions.