

# LAMAR UNIVERSITY

## GUIDELINES FOR PAYMENTS FOR HONORARIUMS

- I. HONORARIUM
- II. ONE-TIME GUEST SPEAKER\LECTURERS
- III. INFORMATION REQUIRED TO PROCESS PAYMENTS
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- I. HONORARIUM

An honorarium represents a “thank you” gift to a guest speaker or performer who, at no charge to the University, makes a presentation. The University responds with a token payment as a gesture of appreciation.

Definition: An honorarium is provided as a token of appreciation for participation in an activity or event which no fee is legally required, and not as a contractual obligation to pay for services rendered . An honorarium is usually a one-time payment made to an individual (not a corporation, business or partnership) who is not an employee of the University for a special and non-recurring activity or event to recognize or acknowledge the contribution of gratuitous services to the University.

The honorarium paym-going

event, workshop or other similar

function\*

3. Participating as a guest speaker at outreach events or presentation\*
4. Appearance at an event by a recognized authority in a particular field of endeavor
5. Assistance for set-up or supporting activities at special events
6. Panelist for a workshop
7. Appraisal of a manuscript for professional publication or other creative activity
- 8.

an honorarium payment.

An honorarium cannot be used to pay independent contractors, consultants or Lamar University employees. See **MAPP XX.XXXX** for the definition of independent contractors and consultants.

#### Determination of Honorarium Payments

1. Is the individual a business, corporation or partnership?
2. Was the payment amount negotiated between the University and the individual?
3. Is there a contractual agreement?
4. Are the individual's services recurring?
5. Is the individual an employee or student employee?
6. Did the individual set the price?

If you have answered "yes" to any of the above questions, the payment does not qualify as an honorarium.

Please Note: Under IRS regulations, honoraria payments are considered taxable income. Therefore, as a matter of policy, the recipient of an honorarium payment may not transfer the payment to another organization or individual. If the honorarium recipient wishes to transfer the payment to another organization or individual, he/she must receive the money and then donate it.

#### IRS Rules for Honorarium Payments are:

The activity lasts no more than 9 days. An individual may be at the institution longer than 9 days; however, the number of day limitation applies only to "the event"; and

The services conducted are of direct benefit to the University; and

The recipient has not accepted payments from more than 5 institutions in the previous 6 months .

Host: class / department / program;

Date of presentation / event;

Topic;

Reason for Honorarium (i.e., one-time guest speaker/lecturer, panelist, seminar presenter, program reviewer);

Amount of Honorarium; or

Travel Expenses to be covered

2. New Vendor Information Form must be on file with Purchasing or submitted to Purchasing prior to the event.
3. A flyer, announcement, or brochure announcing the speaking engagement that includes the gue

Once Human Resources has determined the proper tax status, they will contact Accounts Payable to instruct them on the payment. You will still need to send all required documents through Accounts Payable if the Invoice Voucher is the vehicle of payment.

If treaty prevails, then Human Resources will file IRS form 8233 and statement. Individual will need to sign the form prior to performing the services. If the 8233 is not signed prior to the services being performed, taxes will be withheld at 30%.

If it is determined that the Foreign Speaker is taxable and you prefer not to burden them with the tax payment, your department may opt to pay the taxes for them. Since the taxes will be withheld at 30% you will gross up by dividing the payment amount by .7 as in the following example. A net payment of \$175.00 to a Foreign National would require a \$250.00 gross payment on the invoice voucher ( $175.00 / .7 = 250.00$ ).

#### IRS rules

1. All payments of honoraria to non-resident aliens who come to the University must be reported to the IRS on Form 1042-S.
2. All honoraria payments to foreign nationals will be taxed at a 30% rate, unless exempt by a tax treaty and an IRS form 8233 is properly completed.
3. In order to claim a tax treaty exemption from tax withholding, the non-resident alien must be from a country which has a treaty with the United States that has a teacher/researcher provision and IRS form 8233 and statement must be completed.
4. J-1 Visa's must have a Social Security Number or must apply for one at the local Social Security Office and they must have permission from the entity which sponsored their DS2019.
5. If the visitor does not have a Social Security Number or ITIN prior to the request for payment, treaty benefits cannot be applied and the payment will be taxed at 30%.