



ARROWSMITH COMMUNITY JUSTICE SOCIETY

Honorarium

Adopted: 11 Jan 2018
Reviewed: 12 Aug 2021

GUIDING PRINCIPLES:

1. The Arrowsmith Community Justice Society (ACJS) believes in providing clarity regarding the definition and consistency of payments for honorariums.

DEFINING PRINCIPLES:

1. Honorarium:
 - a) Is a one-time payment in recognition of acts or professional services by individuals who do not charge a fee for the service
 - b) Can be used to cover travel, accommodation or preparation time
 - c) Is a nominal amount – to a maximum of \$500 per individual per calendar year
 - d) Is a gesture of goodwill and appreciation to a non-professional for voluntary services for which fees are not legally or traditionally required
 - e) Is not reflective of the value of the work done
 - f) Is made on a one-time or non-routine basis to an individual as a “thank-you”
2. An honorarium is appropriate for:
 - a) A speaker or lecturer
 - b) Assistance in preparing for a special activity or event
 - c) A service engaged on a one-time or very infrequent basis
3. An honorarium is **not** appropriate when:
 - a) The payment for a service is negotiated for prior to the service being given (this would be a contractual arrangement or employment)
 - b) It is a service that an individual does for a living (this would be self-employment with fee for service or consulting fee designation)

CANADA REVENUE AGENCY REQUIREMENTS

The Canada Revenue Agency (CRA) states:

1. In Canada honoraria are considered salary and thus, taxable income under the *Income Tax Act*. In the case where a gift is substituted for the honorarium, it is classified as a taxable benefit by CRA.
2. CRA has a \$500 limit on what can be classified as a gift. Anything valued over \$500 is salary
3. A T4A will be issued to each provider at year end.

Honorariums and tax deductions

1. Residents of Canada – An honorarium paid to a resident of Canada who is not an employee is not subject to tax deductions; however, this does not mean that the recipient does not have to pay taxes on the amount received. A T4A will be issued for the payment and when the individual files their tax return for the year, any taxes owing will be assessed by the CRA

2. Non-Residents of Canada – Where the service was performed in Canada, honorariums paid to them are subject to a flat income tax deduction and are reported on a T4A-NR. If the service was performed outside of Canada, there is no tax deduction or reporting required.

Multiple honorariums within a calendar year

1. If you intend to pay an individual an honorarium more than once per calendar year and the total of the payments will exceed \$500, it will be treated as employment earning and will be subject to all CRA payroll requirements such as 4% vacation pay, CPP and EI by both the employer and employee. NOTE: If honorariums are assessed by the CRA as employment income, any amounts not collected by the employer at the time of payment, will be charged back to the employer.

PROCEDURE

1. Present for Board approval and assessment
2. Payment request will be given to the treasurer and include recipients: name, address and social insurance number
3. Treasurer will:
 - a. Issue a cheque for payment
 - b. Issue T4A or T4A-NR before February 28th of the following year and remit to CRA for processing.