

 <b>CAPILANO UNIVERSITY</b>		PROCEDURE	
Procedure No.		Officer Responsible	
<b>B.212.1</b>		<b>Vice-President, Finance and Administration</b>	
Procedure Name			
<b>Honoraria and Gifts Procedures</b>			
Policy This Procedure is Under		Date of Next Policy Review	
<b>B.212 Honoraria and Gifts Policy</b>		<b>November 2022</b>	
Date Issued	Date Revised	Related Policies, Reference	
<b>February 12, 2020</b>	<b>NEW</b>	<i>B.212 Honoraria and Gifts Policy</i> <i>FIN-B212-01 Honoraria and Gifts Form</i> <i>B.205 Retirement Recognition Policy for Capilano University Employees</i> <i>B.506 Standards of Conduct</i> <i>FIN-B212-01 Honoraria and Gifts Form</i> <i>Taxpayer Accountability Principles</i>	

## 1. PURPOSE

These procedures administer the approval and payment of honoraria and gift purchases other than for promotional purposes as authorized by the *B.212 Honoraria and Gifts Policy*.

## 2. DEFINITIONS

**“Alumni”** students who have earned 54 academic credits or have obtained credentials from the University.

**“Gift”** an item of minimal value given to an employee or non-employee as a symbolic gesture of respect or token of appreciation that is supported by an underlying business-purpose.

**“Honoraria”** a nominal, non-recurring token payment given to an employee or non-employee for volunteer services where there is no expectation of remuneration or legal obligation.

**“Non-employee”** a person or entity that is not an employee of the University including students, alumni, donors, guests or visitors.

## 3. SCOPE

3.1 These procedures apply to employees who approve, process, pay or receive honoraria or gifts.

3.2 These procedures do not apply to marketing initiatives wherein token gifts may be provided for promotional purposes.

## 4. GENERAL

4.1 Sections of these procedures may be waived or adjusted on an exceptional basis subject to

- a) written justification outlining extraordinary circumstances, and

- b) pre-authorization by both the responsible Vice-President and the Vice-President Finance and Administration.

4.2 Employees who disregard these procedures, falsify supporting documentation or misappropriate university funds will be subject to disciplinary action that may include termination of contractual relationships with the University.

**5. PROCEDURES**

5.1 Before proceeding with an honoraria payment

- a) refer to *Appendix 2 – Guidelines for Honoraria Payments* to ensure payments are appropriate, and
- b) consult with Human Resources to ensure any such payments to employees are permitted under collective agreements or policy.

5.2 To authorize an honoraria payment or gift purchase, complete and submit a *FIN-B212-01 Honoraria and Gifts Form* following the instructions on the form. Ensure that the form clearly identifies

- a) the employee’s name, position title and Employee ID# or the recipient’s name and SIN # if a non-employee,
- b) the reason for the honoraria payment or gift purchase (the business-purpose),
- c) if a gift purchase, the type of gift (e.g. cash, gift certificate, flowers, book, etc.), and
- d) approval signatures in accordance with the monetary limits set out in the following table.

Monetary Limits for authorization/approval per occurrence	
<b>For gifts only</b> - up to \$50 for classroom guests providing subject matter expertise essential for student learning	Responsible Chair
Up to \$500	Responsible Director/Dean
\$501 to \$2,000	Responsible Director/Dean & Responsible Vice-President
Over \$2,000	Responsible Director/Dean, Responsible Vice-President & Vice-President, Finance and Administration

## Appendix 1 – Quick Reference Guide for Honoraria and Gifts

Honoraria payments	
<b>Monetary Limits for approval per occurrence</b>	<p>Up to \$500 – Responsible Director/Dean</p> <p>\$501 to \$2,000 – Responsible Director/Dean &amp; Responsible VP</p> <p>over \$2,000 – Responsible Director/Dean &amp; Responsible VP &amp; VP, Finance and Administration</p>
<b>Process for payments to non-employees</b>	<p>Complete a <i>FIN-B212-01 Honoraria and Gifts Form</i>. Ensure that the form identifies</p> <ul style="list-style-type: none"> <li>the recipient’s name and SIN #</li> <li>why the honoraria payment is required (business-purpose)</li> <li>approval signatures in accordance with the Monetary Limits</li> </ul> <p>Send the completed form to <b>Accounts Payable</b> for processing (Use GL code 6702)</p>
<b>Process for payments to employees</b>	<p>Honoraria payments to employees must be pre-authorized in advance by Human Resources to ensure there is no conflict with collective agreements or policy.</p> <p>Complete a <i>FIN-B212-01 Honoraria and Gifts Form</i>. Ensure that the form identifies</p> <ul style="list-style-type: none"> <li>the employees name, position title and employee ID#</li> <li>why the honoraria payment is required (business-purpose)</li> <li>signature of Human Resources advisor to confirm pre-approval was received</li> <li>approval signatures in accordance with the Monetary Limits</li> </ul> <p>Send the completed form to <b>Payroll Services</b> for processing (Use GL code 5701)</p>

Gift purchases	
<b>Monetary Limits for pre-authorization per occurrence</b>	<p>Up to \$50 for classroom guests providing subject matter expertise - Responsible Chair</p> <p>Up to \$500 – Responsible Director/Dean</p> <p>\$501 to \$2,000 – Responsible Director/Dean &amp; Responsible VP</p> <p>over \$2,000 – Responsible Director/Dean &amp; Responsible VP &amp; VP, Finance and Administration</p> <p><i>*For retirement gifts, see limits in B.205 Retirement Recognition Policy for Capilano University Employees</i></p>
<b>Process for gifts purchased for non-employees</b>	<p>Gift purchases must be authorized in advance in accordance with the Monetary Limits. Complete a <i>FIN-B212-01 Honoraria and Gifts Form</i>. Ensure that the form identifies</p> <ul style="list-style-type: none"> <li>the recipient’s name</li> <li>why the gift is required (business-purpose)</li> <li>the type of gift (e.g. cash, gift certificate, flowers, book, etc.)</li> <li>approval signatures in accordance with the Monetary Limits</li> </ul> <p>For gifts purchased through the University’s regular procurement process, send the completed form with the purchase requisition to the <b>Purchasing</b> department (Use GL code 6290 for gifts to non-employees)</p> <p>For gifts purchased on a Corporate Credit card, send the completed form with the Credit Card Reconciliation and invoice to <b>Financial Services</b> (Use GL code 6290 for gifts to non-employees)</p> <p>For gifts purchased directly by employees, send the completed form to <b>Financial Services</b> along with the original vendor invoice/receipt and expense report claiming reimbursement for the gift (Use GL code 6290)</p>

<p><b>Process for gifts purchased for employees</b></p>	<p>Gift purchases must be authorized in advance in accordance with the Monetary Limits. Complete a <i>FIN-B212-01 Honoraria and Gifts Form</i>. Ensure that the form identifies</p> <ul style="list-style-type: none"> <li>• the employee’s name, position title and Employee ID#</li> <li>• why the gift is required (business-purpose)</li> <li>• the type of gift (e.g. cash, gift certificate, flowers, book, etc.)</li> <li>• approval signatures in accordance with the Monetary Limits</li> </ul> <p>For gifts purchased through the University’s regular procurement process, send the form with the purchase requisition to the <b>Purchasing</b> department (Use GL code 6609 for gifts to employees)</p> <p>For gifts purchased on a Corporate Credit card, send the form with the Credit Card Reconciliation and invoice to <b>Financial Services</b> (Use GL code 6609 for gifts to employees)</p> <p>For gifts purchased directly by employees, submit this form to <b>Financial Services</b> along with the original vendor invoice/receipt and expense report claiming reimbursement for the gift (Use GL code 6609)</p> <p>For cash and near-cash gifts given as retirement gifts in accordance with <i>B.205 Retirement Recognition Policy for Capilano University Employees</i>, send this form to <b>Payroll Services</b> (Use GL code 5995)</p>
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## Appendix 2 - Guidelines for Honoraria Payments

### Overview

The term 'honoraria' is often misunderstood in a University setting resulting in payments being incorrectly coded for income tax purposes. These errors can result in the University violating

- ✓ federal and provincial tax regulations requiring mandatory deductions from income
- ✓ the *Employment Standards Act* and collective agreement if services performed are employment in nature rather than volunteer
- ✓ purchasing policies if the recipient is in fact an independent contractor

Incorrect payment of honoraria can damage the University's reputation and result in reassessments by the *Canada Revenue Agency* (CRA) for taxes and fines (e.g. CPP, EI, WorkSafeBC and other employee and employer taxes)

Furthermore, errors can negatively impact recipients who are responsible for paying income taxes that can present a financial burden if not anticipated, especially if the amount is substantial. The individual can also be assessed fines and penalties for late payment of these taxes.

The purpose of this guideline is to provide more clarity regarding the definition and payment of honorariums and to provide a framework for consistent and fair treatment across the University.

### What is an honorarium?

Honoraria payments are typically

- ✓ nominal amounts
- ✓ paid for voluntary services for which fees are not legally or traditionally charged
- ✓ not reflective of the value of the work done
- ✓ are made on a one-time or non-routine basis to an individual as a "thank you".

### When is an honorarium appropriate?

Examples where an honorarium payment would be acceptable include a 'thank you' or gesture of goodwill and appreciation to

- ✓ guest speakers or lecturers
- ✓ third parties for special classroom lecture or short series of such lectures
- ✓ individuals for conducting seminars and workshops
- ✓ guest speakers at educational events or similar functions
- ✓ volunteers for assistance with University activities and special events
- ✓ external examiners whose services are engaged on a one-time or very infrequent basis
- ✓ indigenous groups for cultural ceremonies.

An honorarium is not appropriate when

- ✓ it is based on an agreed amount between the recipient and the University. Agreed payments typically indicate that an employment or independent contractor relationship exists
- ✓ obtaining the services of a professional speaker or consultant who performs the requested service for a living. These individuals would be considered self-employed and should receive a fee for service or consulting payment.

## **Are honorariums subject to tax deductions?**

### ***Honoraria payments to employees***

Honorariums paid to employees of the University (e.g. staff, faculty and students performing employment services for the University) will be treated as employment income and subject to deductions at source for Income Tax, Canada Pension Plan contributions and Employment Insurance premiums. Payments must be for services provided outside the individual's regular responsibilities and will be reported on the employee's T4.

### ***Honorarium payments to non-employees***

*Residents of Canada:* Honoraria paid to Canadian residents who are not employees of the University are not subject to tax deductions at source. However, the recipient will be issued a T4A for the total amount of the honoraria for inclusion on their tax return.

*Non-residents of Canada:* Honorariums paid to non-residents of Canada for volunteer services performed in Canada, are subject to a flat rate 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 requirements.

## **What if I want to pay several honorariums to the same individual in a calendar year?**

If you want to pay honoraria more than once in a calendar year to the same individual, consult first with the Director, Financial Services. The University may be considered the employer by CRA should an individual receive multiple honorariums.

## **Responsibility for honoraria**

Employees are responsible for understanding what constitutes honoraria and for seeking clarity where there is uncertainty. Furthermore, employees are responsible for ensuring that procedures are followed, and relevant forms completed and submitted in a timely fashion.

Human Resources is responsible for ensuring that honoraria payments to employees do not violate provisions of the collective agreement or policies.

Finance is responsible for reviewing submitted forms for completeness and for processing payment. Finance is also responsible for issuing T4/T4A or T4A-NR forms as required as part of the year-end reporting process.

Questions regarding honoraria should be directed to the Director, Financial Services.