

## **Honoraria – Guidelines for Committees**

### **Honoraria – fact sheet**

How an amount is described does not determine its treatment for tax purposes.

Whether an honorarium is assessable income in the hands of a recipient depends on the nature of the payment and the recipient's circumstances.

Describing a payment as an honorarium will not of itself mean that the payment can be made without a consideration of its tax treatment. Depending on the facts, the PCV office may be obliged to deduct tax from or apply other tax treatment to payments including those described as honoraria.

Special rules apply when a “religious practitioner is undertaking activities in the pursuit of a vocation as a religious practitioner, and as a member of a religious institution”. The Tax Act basically deems them to be employees even if they are not, so the PAYG rules for religious practitioners apply.

An honorarium can describe an honorary reward for voluntary services, or a fee for professional services voluntarily rendered. Payment which is obliged to be made, relied upon or legally required will not be an honorarium.

Rule 5:34A of the PCV Code states:

#### **Honoraria**

34A. Committees shall not give their conveners or members any honorarium (for the purpose of this Rule an honorarium is reckoned as an amount not greater than 10% of minimum remuneration, i.e. basic stipend plus N.C.B. as set by the Assembly from time to time), unless by resolution of the General Assembly.

## Honoraria – Guidelines for Committees

**APPENDIX:** The following information is extracted from the ATO website as at 4 October 2013 [http://www.ato.gov.au/Non-profit/Employees,-volunteers-and-other-workers/In-detail/Employees,-volunteers---other-workers/Volunteers/Volunteers-and-tax/?default=&page=3#Payments\\_to\\_volunteers](http://www.ato.gov.au/Non-profit/Employees,-volunteers-and-other-workers/In-detail/Employees,-volunteers---other-workers/Volunteers/Volunteers-and-tax/?default=&page=3#Payments_to_volunteers)

### Payments to Volunteers

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How an amount is described does not determine its treatment for tax purposes. Whether a payment is assessable income in the hands of a volunteer depends on the nature of the payment and the recipient's circumstances.

Generally, receipts which are earned, expected, relied upon and have an element of periodicity, recurrence or regularity are treated as assessable income.

Where a person's activities are a pastime or hobby – rather than income producing – money and other benefits received from those activities are not assessable income.

A payment that is not assessable to a volunteer will have many of the following characteristics.

- The payment is to meet incurred or anticipated expenses.
- The payment has no connection to the recipient's income-producing activities or services.
- The payment is not received as remuneration or as a consequence of employment.
- The payment is not relied upon or expected by the recipient for day-to-day living.
- The payment is not legally required or expected.
- There is no obligation on the part of the payer to make the payment.
- The payment is a token amount compared to the services provided or expenses incurred by the recipient. Whether the payment is token depends on the full facts surrounding the payment and recipient's circumstances.

### Honorariums

What is an honorarium?

An honorarium can describe:

- an honorary reward for voluntary services
- a fee for professional services voluntarily rendered.

An honorarium may be paid in money or as property.

Is an honorarium assessable income?

Whether an honorarium is assessable income in the hands of a volunteer depends on the nature of the payment and the recipient's circumstances. Honorary rewards for voluntary services are not assessable as income and related expenses are not deductible.