

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 BIF and PCV General Office may be obliged to deduct tax from or apply other tax treatment to payments including those described as honoraria. As a general rule, payments of more than \$350 will almost always require some form of tax treatment, and in many cases the threshold will be as low as \$75.

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. This means that any minister of any denomination who is speaking, or presenting, or performing any other service related to religious practice will be deemed to be an employee if they are receiving payment.

In circumstances where the payment is provided to an employee or a person who is deemed to be an employee, it will normally be the case that superannuation is payable on the sum at the current Superannuation Guarantee Levy rate (currently 9.5%).

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 for tax purposes. Where there is an agreement in advance to make a payment for a service provided, the payment will not be considered to be an honorarium for tax purposes.

Committees are encouraged to consider carefully why a transaction is considered to be an honorarium and is not a payment or fee for service. The transitory nature of an engagement is not of itself sufficient to conclude that an honorarium is the appropriate classification.

Where a committee anticipates a payment of more than \$75 as an honoraria it is advisable to consult with the BIF through the PCV General Office in advance of any commitment being made, so that any potential for misunderstanding can be minimised.

Rule 5.30(b) of the PCV Code states:

5.30 Members of committees disqualified by personal financial interest

No member of a committee can:

- a) ...
- b) except by resolution of the General Assembly be paid a wage or a salary by the committee or receive an honorarium from the committee (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 non cash benefits as set by the General Assembly from time to time).

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APPENDIX: The following information is extracted from the ATO website as at 4 October 2013 <https://www.ato.gov.au/non-profit/your-workers/volunteers/paying-volunteers/honorariums/> (This website link is no longer active. The extracts below are now distributed over various other links including <https://www.ato.gov.au/non-profit/your-workers/volunteers/paying-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.