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## 2319.2 PAYMENT FOR HONORARIA

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**Effective: September 1990**  
**Revised: October 2016**  
**Last Reviewed: January 2018**  
**Responsible Office: Comptroller**  
**Approval: Comptroller**

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### PURPOSE

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To define policy and establish responsibility for the tax withholding and/or reporting of honoraria payments to non-employees.

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### DEFINITIONS

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*“Honorarium”* is a gratuitous payment of money or other thing of value to a person for the person’s participation in a usual academic activity for which no fee is legally required. An honorarium is provided as a token of appreciation for participation in an activity or event, and not as a contractual obligation to pay for services rendered.

*“Usual Academic Activity”* means activity conducted for the benefit of the honorarium-paying institution and includes lecturing, teaching, consulting, conducting research, attending meetings, symposia, seminars, or otherwise sharing knowledge. Readings and performances are included academic activities, so long as the activity is open without charge to the public and/or students.

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### POLICY

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1. Payments of honoraria to University, University of Pennsylvania Health Systems (UPHS) and subsidiary employees or students are prohibited.
2. Honoraria payments are made to individuals. Payments cannot be made to a business, corporation, or partnership. Also, the University is not permitted to transfer the payment to another organization or individual. If the recipient wishes to transfer the payment to another organization or individual, he or she must receive the payment and then donate it.
3. Honoraria payments are not permitted to be negotiated or contracted. This would be considered to be a contract for personal services. Please reference [Policy # 2319.4 Procurement and Reporting of Independent Contractors](#) regarding rules for independent contractors.
4. Travel expenses are reimbursed through GTR worksheet. Individuals must follow Penn’s travel reimbursement policy.
5. Any person may accept an honorarium payment and payment for associated incidental expenses for usual academic activity or activities (lasting not longer than 9 days at any single institution), if the

payment is made for services conducted for the benefit of the University of Pennsylvania and if the individual has not accepted such payment or expenses from *more than 5 institutions* or organizations in the previous *6-month period*.

6. The Office of the Comptroller is responsible for ensuring that federal tax law and regulations regarding the withholding of income tax and all applicable reporting requirements are followed.
  - a. U.S. Citizens and Resident Aliens  
The University is obligated to report to the Internal Revenue Service (IRS) on Form 1099 all U.S. citizens and resident aliens receiving cumulative remuneration greater than the annual threshold amount of \$600. The W-9 form is required if the individual is receiving payment for the first time and not listed as a “supplier” in the University’s Penn Marketplace system or if there is a name or address change.
  - b. Non-Residents of the U.S. (Foreign Nationals)  
The University will report to the Internal Revenue Service (IRS) on Form 1042-S all nonresident Aliens receiving cumulative remuneration. The W-8BEN is required if receiving payment for the first time and not listed as a “supplier” in Penn’s, Penn Marketplace system or if there is a name or address change. *For additional documentation needed for non-U.S. residents, please view [Honoraria Payments](#) at the Office of the Comptroller – Disbursements/Accounts Payable webpage.*
  - c. U.S. income tax will not be withheld from payments to a citizen/permanent resident. U.S. income tax may be withheld from payments to non-resident aliens from non-tax treaty countries and also tax exempted countries unless a properly completed IRS Form 8233 (Exemption from Withholding on Compensation for Independent and Certain Dependents) Personal Services of a Nonresident Alien (Individual) and the applicable statement under IRS Revenue Procedure 87-9 is submitted, along with the payment request.

*NOTE: Tax treaty benefits are not automatic. Determination of eligible treaty benefits is processed by Tax and International Operations. Nonresident aliens who may be eligible to receive a tax treaty exemption will be provided with IRS Form 8233 and the applicable statement by the Tax Department. The nonresident alien must submit a signed Form 8233 to the department initiating the request for payment in order to ensure that U.S. income tax will not be withheld from the payment.*

- d. Payments to nonresident aliens for services performed outside the United States are not considered U.S. source income under the Internal Revenue Code and, therefore, are not subject to U.S. income tax withholding or reporting. The department initiating the payment request is responsible for documenting that the services were performed outside the United States. Refer to the [Hiring Abroad Toolkit](#) for guidance on hiring outside of the U.S.

## APPENDIX A

### Current Tax Treaty Countries

The United States has tax treaties with a number of foreign countries. Under these treaties, residents (not necessarily citizens) of foreign countries are taxed at a reduced rate, or are exempt from U.S. taxes on certain items of income they receive from sources within the United States. These reduced rates and exemptions vary among countries and specific items of income. If the treaty does not cover a particular kind of income, or if there is no treaty between a particular country and the United States, the University of Pennsylvania will be required to withhold tax on the income.

Below is a link to tax treaties between the United States and particular countries. For additional guidance, please consult a tax professional or contact the Internal Revenue Service.

<https://www.irs.gov/businesses/international-businesses/united-states-income-tax-treaties-a-to-z>