UNIVERSITY OF KWAZULU-NATAL

GUIDELINES FOR THE PAYMENT OF HONORARIA AND GIVING OF GIFTS

Introduction

The University wishes to acknowledge dignitaries and visitors who are not remunerated but make a valuable contribution to, or bring prestige to the University. This is inclusive of non-permanent staff professionals providing academic co-supervision to students' research. In determining the value of an honorarium or gift the status of the dignitary/visitor as well as income tax implications need to be taken into consideration.

Definition

An "honorarium" is a payment made to an individual in recognition of a special service or distinguished achievement for which propriety precludes setting a fixed price. Payment is usually made as a gesture of good will and appreciation.

An honorarium is not based on an agreed amount between the individual providing services and the individual seeking services. If payment is agreed upon, this constitutes an employment contract. The honorarium may be subject to internal negotiation in each case but may not exceed an amount stipulated periodically by the Human Resources Executive via the Executive Management Committee of the University – (*see allowable rates below*).

Guidelines

The purpose of these guidelines is to provide the framework for consistent and fair treatment practice across the University when giving a relatively small payment to a guest speaker or other individual(s) who have been invited to provide a unique service to the University.

Honorarium activities

The types of activities for which honorarium payments may be made include the following:

i. Speaking engagement and editing of books and/or material.

ii. Participation in a seminar or workshop as a guest speaker or panelist provided such services are furnished on a short-term basis.

iii. Special lecture or a short series of such lectures, or other once off academic creative activity.

iv. Assessment of a manuscript for the University Press or an article submitted to a professional public

v. Serving as an external co-supervisor for masters and doctoral students.

vi. Any other University activity involving an outsider's contribution (*at no cost*) which is of value and for which the University would like to show appreciation/gratitude for the service offered.

Honorarium and tax implication

In terms of current tax legislation any honorarium is considered non-standard employment income and is taxable at a rate of 25%.

Gifts (including Gift Vouchers)

If there is no employee/employer relationship the onus will be on the recipient to declare the value of a gift received. However, if an employee/employer relationship exist the first R5,000 of the cash value of the gift is exempt from tax and the balance will be considered normal income and will be taxed at the employees' marginal tax rate.

The value of a gift or gift voucher shall be determined by the status of the dignitary/visitor as follows:

Status of Dignitary / Visitor		Value of Gift, Gift Voucher or Honorarium (per task, day or part thereof)
Extraordinary Assignments (local & international)		Up to R14,000
Senior Public Officials (i.e. Judges, Ministers, Members of Parliament, Local Government and Vice Chancellors)		R5,500
Academic Assignments	PhD/Doctoral Supervision	R5, 000
	Masters full research supervision	R3, 500
	Masters (coursework) - Mini thesis	R2, 000
Professor or equivalent		R2, 500
Senior/Lecturer or equivalent		R1, 500

With the exception of academic assignments and in addition to the above, the following expenses of official visitors will be paid by the host unit subject to approval by the relevant budget holder:

1. Travel expenses incurred by the dignitary/visitor to and from the University and during his/her visit;
2. Accommodation and meals whilst visiting the University.

The reimbursement of expenses incurred and paid against a voucher does not attract tax.

Honorarium payment

- An honorarium is an allowable expense, paid from a budget holder's cost centre.
- The Honorarium Payment Form should be completed and approved by the DVC/Dean and/or their equivalent in Support sector and submitted to the relevant Financial Manager for payment.

Purchase of Gifts

- The purchase of a gift will be from the budget holders cost centre and the approved University purchasing procedure would be followed.