

<b>ADMINISTRATIVE DIVISION</b> FINA Administration and Finance		<b>POLICY NUMBER</b> FINA 2.13 (formerly BUSF 2.13)	
<b>POLICY TITLE</b> Honorariums and Royalties			
<b>SCOPE OF POLICY</b> USC System		<b>DATE OF REVISION</b> 4/1/2024	
<b>RESPONSIBLE OFFICER</b> Executive Vice President for Administration and Finance and Chief Financial Officer		<b>ADMINISTRATIVE OFFICE</b> University Finance – Controller’s Office	

**PURPOSE**

This policy defines the types of activities for which honorarium or royalty payments are appropriate and provides guidance on processing such payments.

**DEFINITIONS AND ACRONYMS**

Honorarium – A one-time, nominal payment made to someone outside of the University as an expression of gratitude for a special service that would normally be provided free of charge.

Payment Request – An online payment method used for paying invoices under \$10,000, except as otherwise notated on the Payment Request Matrix, in the PeopleSoft Finance system.

Royalty (or Commission) – Payments made by one party to another in exchange for the right to use intellectual property or physical assets for which work is typically copyrighted or patented.

**POLICY STATEMENT**

A. Honorariums

The payment of an honorarium is typically made directly to an individual with a scholarly or professional standing with the intent of showing good will and appreciation for voluntary service to the University. Allowable honorarium payments typically involve one-time, non-recurring activities, such as a guest lecture, panel discussion participation, or similar activities performed voluntarily.

An honorarium payment is not appropriate when the amount or timing of the payment is negotiated and agreed-upon between parties or when associated with a charged fee, invoice, or contract. In addition, these payments are not transferable and cannot be made to University employees. Sponsored project funds may not be used for paying honorariums unless permitted in the contract, grant agreement, or other documentation governing their use.

B. Royalties

During its operational, research, and instructional efforts, the University may acquire the rights to use certain copyrighted or patented property, such as literary works, musical works, inventions, etc. The University recognizes and encourages the creation of valuable intellectual property and distributes commensurate commissions for the use or sale of such works.

### C. Payment

All honorariums and royalties must be paid using Payment Request. Strict guidelines govern the types of payments allowable under this method in the Payment Request Matrix by the Controller's Office. Specific account codes and supporting documentation are required for these payments.

External individuals and entities, including those receiving honorariums and royalties, must register in the University's Supplier Self-Service Portal to receive payment. During the registration process, certain documentation will be required depending on supplier type, including an Internal Revenue Service (IRS) Form W-9 or W-8BEN.

Both honorariums and royalties are exempt from tax withholding but must be reported by the individual as taxable income for federal and state purposes based on IRS Form 1099 or 1042. These forms will be issued annually by the Controller's Office.

Any departments making honorarium or royalty payments to ~~non-U.S. citizens~~<sup>international</sup> ~~individuals or entities~~ will consult [in advance of the related activity](#) with the University's [HR](#) Office of International Services for additional guidance on [immigration-related](#) requirements and restrictions.

## PROCEDURES

There are no official procedures for this policy. However, the Controller's Office Payment Request Matrix contains additional detailed guidance on these payments. Questions may also be sent to the Controller's Office at [controller@sc.edu](mailto:controller@sc.edu).

## RELATED UNIVERSITY, STATE, AND FEDERAL POLICIES

[FINA 2.00—Expenditure Account Codes](#)

[FINA 1.00 - Chart of Accounts](#)

FINA 2.12 – Accounts Payable

FINA 2.14 – Acquisition and Payment of Goods and Services

[FINA 6.00 - Employee payroll](#)

## HISTORY OF REVISIONS

DATE OF REVISION	REASON FOR REVISION
04/01/2024	Language, content, and formatting updates
03/26/2015	Policy revisions due to departmental reorganization and name changes and to clarify language regarding IRS Forms, honorarium payments as charitable donations, and consultation with the Office of International Support
07/16/2003	Policy creation

NUMBER: ~~FINA 2.13 (formerly BUSF 2.13)~~

SECTION: ~~Administration and Finance~~

SUBJECT: ~~Honorariums and Royalties~~

DATE: ~~July 16, 2003~~

REVISED: ~~March 26, 2015~~

Policy for: ~~All Campuses~~

Procedure for: ~~All~~

Campuses Authorized by: ~~Leslie Brunelli~~

Issued by: ~~University Finance—Controller's Office~~

I. ~~Policy~~

A. ~~Honorariums~~

~~Honorariums are given to show appreciation for services rendered in a volunteer capacity or for services for which fees are not traditionally required. The honorarium cannot be a negotiated fee or price established between the parties. Honorariums cannot be made to University employees. This type of payment is exempt from withholding, but must be declared by the recipient as taxable income for Federal and State purposes and will be reported based on IRS 1099—Misc. Reporting law.~~

B. ~~Royalties~~

~~Royalties are a share paid to a party resulting from the sale of their work. This type of payment is exempt from withholdings, but must be declared by the recipient as taxable income for Federal and State purposes.~~

II. ~~Procedure~~

#### ~~A. — Honorariums~~

~~Payment will be made using Payment Request. The DEV should include name, address and social security number and be sent directly to the Accounts Payable department in the Controller's Office. The object code used for honorariums should be 51440. A completed IRS Form W-9 must be attached with the payment request. The current IRS Form W-9 can be found on the Accounts Payable webpage.~~

~~The honorarium payment will be made directly to the payee and cannot be made as a charitable donation to a third party. The object code used on honorariums should be 51440.~~

~~If the honorarium is for an international visitor, the visitor must complete the Foreign National Tax Information Form which is located on the Accounts Payable web page, and attach it to the DEV along with an IRS Form W-8 BEN for submission to the Controller's Office.~~

~~Any department with an international honorarium payment should consult with the Office of International Support for Faculty and Staff for guidance on proper invitation letter, International Visitor Attestation for Honorarium Payment (IS-4), and verification of immigration status.~~

#### ~~B. — Royalties~~

~~Payment will be made using a Direct Expenditure Voucher (DEV). The DEV should include name, address and social security number. The DEV should be sent directly to the Accounts Payable department in the Controller's Office. The object code used for royalties should be 51432.~~

~~An IRS Form W-9 should be submitted with the initial payment. An updated IRS Form W-9 should be submitted if there is a change in the permanent address of the payee or if the IRS Form W-9 on file is over three years old.~~

~~If the royalty payment is being made to an international individual or company, the department should solicit an IRS Form W-8 BEN for individuals or an IRS Form W-8 BEN-E for entities. These forms must be submitted with the payment request.~~

#### ~~III. — Reason for Revision~~

~~Policy revised due to departmental reorganization, departmental name changes, and to clarify language regarding IRS Form W-9, IRS Form W-8 BEN, and IRS Form W-8 BEN-E requirements, using honorarium payments as charitable donations, and consultation with the Office of International Support for Faculty and Staff.~~