

ADMINISTRATIVE DIVISION FINA Administration and Finance		POLICY NUMBER FINA 2.13
POLICY TITLE Honorariums and Royalties		
SCOPE OF POLICY USC System		DATE OF REVISION September 20, 2024
RESPONSIBLE OFFICER Executive Vice President for Administration and Finance and Chief Financial Officer		ADMINISTRATIVE OFFICE 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. Honorarium

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 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.

RELATED UNIVERSITY, STATE, AND FEDERAL POLICIES

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
July 16, 2003	Policy creation
March 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
September 20, 2024	Language, content, and formatting updates