

Honoraria

Honoraria is a little tricky these days and there is misconception around whether they are taxable payments for those who receive the money or not.

Step one: Honoraria vs Expense

The first thing to do is distinguish expenses from honoraria. Expenses are usually incurred by the office holder so a claim for those expenses is just reimbursing what they are owed. Amounts received in that sense is not taxable, not reportable, and just goes to the appropriate line on the leagues finance reports (could be for mileage, stationary costs, telephone etc).

An honorarium is seen as a payment for 'holding the office' or for 'time' similarly to what a salary or wage should be. I've gone into a bit more detail below about the consequences of paying honoraria.

Step two: Honoraria and tax

The myth here is that honoraria are free from any tax implications which is not the case. Honoraria should be subject to tax and national insurance (subject to the individuals' circumstances). To administer this, the easiest way is to run a payroll scheme which I'm conscious brings an additional burden to league administration.

A couple of references below:

<https://www.gov.uk/running-payroll/payments>

<https://www.gov.uk/hmrc-internal-manuals/national-insurance-manual/nim02205>

Most leagues will want to avoid the added burden of a payroll system so choose to make payments in line with a 'reasonable and proportionate expenses policy'.

If the money earmarked for honoraria is truly based on expenses then these can be paid out as expense, but with a set limit to ensure that the league can budget but also demonstrate a bit of goodwill from the office holder. For example, the league can review the typical expenses of true out of pocket expenses from the previous season and forecast an increase in line with inflation and/or agree to pay a reasonable proportion of a bill (i.e phone bill, internet bill etc).

If leagues wish to pay an honoraria,

1. There could be an argument (but its firmly in the grey area) that the office holder could invoice for the work they do, therefore moving the burden from the league to the individual regarding any tax implications. Again, this is wide open to interpretation.
2. Set up a payroll scheme and get someone to administer/ this will involve regular submissions to HMRC. This will involve the Tax being deducted at source so should be mindful that the person receives less than what they may have thought.