

Waiving Payment for Services Rendered

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I. Purpose

To provide guidelines for University employees who wish to decline compensation for services rendered and desire that the funds be retained by the University for departmental use. This policy permits this activity by employees on a nontaxable basis while maintaining compliance with Internal Revenue Service regulations.

II. Definitions

- *Constructive receipt*: a concept of tax law that taxes income at the time an individual has the right to receive the payment regardless of when it is actually received. Refer to IRS code 26 US Code § 451.
 - If the individual has the right to receive the income for services rendered, the income is “constructively received” and is taxable.
 - To avoid constructive receipt the faculty or staff member must never have the right to receive the income (i.e., the lack of the right to receive the income must be established before the services are rendered).

III. Policy

- A. The University will comply with Internal Revenue Service regulations.
- B. An employee wishing to donate services to the University instead of receiving payment must waive payment in advance of the services being rendered.
- C. The employee shall not be involved in decisions regarding the subsequent expenditure of funds.
- D. Expenditure of funds designated for departmental use shall be in accordance with University policy and procedures for procurement of goods and/or services and approval of disbursements.

IV. Procedures

- A. The employee must complete the [Waiver of Payment for Services Rendered](#) form in advance of providing the services.
- B. The dean, director or department head must approve the agreement form and budget and expend the funds in support of the department’s mission with the employee retaining no control over the use of the funds.