

Purpose of this Guide

- Standardize procedures for payments made by the University of Lethbridge community
- Communicate our Regulatory Environment (legislation)
- Communicate roles and responsibilities by transaction

Regulatory Environment

The **Federal Government** through the Canada Revenue Agency (herein CRA) requires all entities to follow specific guidelines regarding tax and GST. Non compliance of these regulations could include penalties, interest, tax charged to the University of Lethbridge (herein 'University') instead of the vendor, and being subject to having our charitable status revoked.

This guide is not all inclusive and does not replace legislation or the need to review legislation as it relates to payments. The guide will continue to evolve as new issues arise.

Overall Responsibilities

The Departments/Faculties and Financial Services have a shared responsibility in expelling these obligations imposed on the University.

Departments/ Faculties

- WHO - Financial officers, those responsible for a budget or account series, those who make purchases, payments or negotiate contracts on behalf the University, including those individuals designated by the responsible person.
- RESPONSIBILITY – to follow this guide for all transactions, and to identify grey areas, concerns and possible improvements to ensure this guide works for them

Financial Services

- WHO – All members (various roles)
- RESPONSIBILITY –to regularly review regulations to understand the rules imposed on our institution, update the guide and assist Departments/Faculties with grey areas. All members of Financial Services to provide standardized policies, processes, and procedures and assist departments with questions by directing them to the guide.

Cooperative

This guide is a group effort of Financial Services, Payroll and the University's Financial Officers.

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Employee vs. Contracted Services

Legislation:

- a. The status of employee vs. non employee determines the treatment under legislation for such charges as Canada Pension Plan, Employment Insurance Act and Income Tax Act, and consequently payroll deductions that are required to be taken on payments.
- b. One must understand the intent of the arrangement to determine the status.
- c. The University is responsible to ensure non-employees have appropriate WCB coverage.
- d. **Residency** - An individual's tax liability in Canada depends on their residency status. Canadian residents are taxed on their worldwide income and Non Residents are taxed on their Canadian source income. If there is question if the vendor is a resident, contact Financial Services. You may need to advise the vendor to seek tax advice with respect to their status.

University Process:

- e. Departments / faculties to:
 - i. Ensure compliance with this guide and other University policies
 - ii. Instruction work is to be completed by individuals (employees) unless they provide a CRA ruling stating otherwise.
 - iii. Honorariums for seminars and workshops (guest lecturers or speakers) – go to Honorarium section in this guide. For all others, continue in this section.
 - iv. Complete the "Employee vs. Contractor Evaluation Form" for each individual, or non incorporated company to determine the vendors status prior to signing contracts or approving payments
 - v. Status = Employee – complete Payroll Authorization Form (herein PAF), submit to payroll with backup (invoice, contract, completed Employee vs. Contractor Evaluation Form)
 - vi. Abide by payroll deadlines to ensure payments are made when needed
 - vii. Status = Non Employee – Proceed to Non Employee section of this guide
- f. Financial Services to:
 - i. Maintain and communicate "Employee vs. Contractor Evaluation Form"
 - ii. Assist departments with determining employment status as required

References:

- g. [RC4110 - Employee or Self-Employed?](http://www.cra-arc.gc.ca/E/pub/tg/rc4110/rc4110-08e.pdf)
<http://www.cra-arc.gc.ca/E/pub/tg/rc4110/rc4110-08e.pdf>
- h. CAUBO (Canadian Association of University Business Officers) Tax and GST Guide – Chapter 7 – contact Financial Services for this guide
- i. CICA "Employee vs. Contractor" – contact Financial Services for this guide

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Employee Status examples:

- j. An employee consults for the University outside of work hours under their name or through an unincorporated business. The work is in a similar capacity as the position they hold with the University.
- k. All academic appointments (unless seconded from another educational institution, or government entity where there is a contract with their home institution; or for academic appointments signed with incorporated companies)
- l. Instruction of non-credit courses, seminars and workshops where the course is intended to be recurring and the individual teaches more than 20 hours
- m. Artistic performance where the University determines the nature of the performance
- n. Duties performed by an individual that are the normal course of operations for the University (time is purchased and duties are assigned)
- o. Research that forms a part of an individual's regular academic appointment with the University of Lethbridge
- p. Individual hired to bartend at a University function

Non-employee Status examples:

- q. Individual is seconded from another educational institution or government entity, and the contract is with their institution
- r. Instruction of non-credit courses, where the course is not recurring (not more than once per year), or the course is recurring and the individual teaches 20 hours or less
- s. Consulting by an employee when the duties are significantly different (normally a different field) from the terms of an existing employment contract
- t. Artistic performance when the University does not determine the nature of the performance, such as those put on by a 3rd party company
- u. Guest lecturers or speakers for seminars and workshops that negotiated their price
- v. Duties performed by an individual where the outcome is purchased (i.e. number of pages completed, produce a specific product or end result), are completed away from the University, and the person is expected to pay for their own expenses
- w. Research that does not form a part of an individual's regular academic appointment with the University of Lethbridge. The research is carried out at the discretion of the individual, research payments made to the individual are provided by the sponsor who is independent to the University and the ultimate responsibility of the research rests with the individual. This requires a written contract stipulating the separation of duties and must be signed by the Dean and Vice-President, Research.

Employees - Canadian Resident

New Employee Moving Costs

Legislation:

- a. **University reserves the right to pay less than is allowed by CRA rules.**
- b. Must be moving at least 40 km closer to the new work to have deductible expenses and can only deduct from their personal tax return what the employer hasn't reimbursed
- c. The following list is the government legislation on what is allowable but not necessarily the University's guidelines on what will be reimbursed:
 - i. **Non taxable reimbursements** (receipts required) include cost of house hunting trips including child-care and pet-care while employee is away, travelling costs including reasonable allowance for meals and lodging while moving, cost to transport or store household affects while moving, costs to move personal items such as vehicles, boats and trailers, charges to disconnect utilities, cancel leases, costs to sell old residence such as commissions and advertising, charges to install utilities, auto licenses and inspections, legal fees to buy new residence, temporary living expenses while waiting for permanent residence, and long distance phone charges to sell old residence.
 - ii. **Taxable reimbursements** include anything not listed above such as housing losses, non accountable allowances over \$650 and home relocation loans.
 - iii. **Allowances or non-accountable allowances** for costs or incidental moving expenses of \$650 or less are not taxable and are considered reimbursement of expenses. A letter is required to certify that they incurred expenses up to the \$650. Any allowance higher than \$650 is taxable and considered employment income (i.e. allowance of \$750 would result in \$100 being taxable).
 - iv. **Home relocation loans** are taxable benefits and occur when employee starts work in a new location in Canada, the loan is used to buy a new residence that is at least 40 km closer to new employment, loan is received because of employment, and loan is designated as a home relocation loan and is used to acquire a dwelling.
- d. **Note: Our University will not fund taxable moving expenses, allowances or home relocation loans. This section applies to the initial costs of moving a new employee to begin a new work position with the University, - a one-time cost on a one-way move. If the employee was paid relocation amount to move to Lethbridge then they accepted a job at our Edmonton or Calgary campus, we would only pay for their move there if it was our choice or request, not the employee's choice.**

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University Process:

- e. Department or faculty to:
 - i. Ensure compliance with this guide, University policies, respective handbooks and Letters of Offer.
 - ii. Educate new employees on the allowances and maximums allowed by the University – see [Relocation Allowance Regulations](#)
 - iii. Provide contact information for Financial Services and Payroll to employees
 - iv. Set a budget for moving costs for each new employee and inform Finance of the amount.
- f. Financial Services to:
 - i. Review all “moving” reimbursements or allowances and return receipts for taxable expenses to employee
 - ii. Be a resource for new hires on legislation and University moving procedures.
 - iii. Follow the University’s policy or Offer Letter for the maximum allowed
 - iv. Inform Departments/Faculties if moving costs are estimated to be higher than the budgeted amounts

References:

- g. [T4130 – Employers Guide to Taxable Benefits](#)
- h. [IT – 178R3 Moving Expenses](#) = Guide for the taxpayer
- i. Financial Services – [Relocation Allowance Regulations](#)

Examples:

- j. Faculty pays up to \$2,000 for moving expenses and DOES require receipts. The \$2,000 relates to non taxable moving expenses, is less than the handbook and their offer letter. Employee is able to claim moving expenses through financial services.
- k. Faculty pays up to \$2,000 for moving expenses and DOES require receipts. The \$2,000 relates to non taxable moving expenses, is less than the handbook but their offer letter states a maximum of \$1,500. Employee is able to claim \$1,500 moving expenses through financial services and can claim the non reimbursed \$500 on their tax return.
- l. Faculty pays a term / sessional employee an allowance for travel and/or lodging for each trip they make to campus. This is not a moving allowance, please see Travel section.
- m. Employee claims passport renewal or inception fees – not reimbursable
- n. Employee claims work permit/Visa fee – taxable to employee if reimbursed

Travel

Legislation:

-
- a. **University reserves the right to pay less than is allowed by CRA rules.**
 - b. Part time employees
 - i. A reasonable allowance or reimbursement for travelling expenses incurred by the employee going to and from a part-time job (arms length), the amount is not taxable. This applies to teachers and professors who work part time in a designated educational institution in Canada, providing services to you as a professor or teacher, and the location is no less than 80 km from the employee's home.
 - c. Non taxable Expenses:
 - i. Reimbursements include our prescribed per diems, per km allowances and refunds where receipts are provided for travel on University business such as pre-approved conference, convention, seminar, course, meetings.
 - ii. Special Work Site – TD4 – see "[Special Worksite](#)" section for more info
 - d. Taxable expenses:
 - i. Allowances
 - ii. Per diems higher than Canada Revenue Agency per diems
 - iii. Travel to or from work where TD4 or Part Time Employee criteria is not met
 - iv. Landed Immigrant claim
 - v. Passport renewal or inception fees (per CRA phone conversation 2009)
 - vi. Travel costs for spouses
 - b. **Note: Our University will rarely fund taxable travel expenses, allowances (travel expense without receipts) or advances. This section is for travel costs for employees and Canadians receiving honorariums. Travel costs for non employees are discussed in the Non-Canadian Guide.**

University Process:

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- e. Department / Faculty to:
 - i. Ensure compliance with this guide and other University policies
 - ii. Communicate the tax affects of payments to employees
 - iii. Understand the implications of this guideline on employment contracts negotiated in their areas
 - iv. Negotiate a limit for travel reimbursement for each part time employee travelling over 80 km to campus to teach (i.e. Total amount we will reimburse or number of trips)
 - f. Employee to:
 - i. Complete claims through online expense reimbursement system

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- ii. Apply for advances if required
- g. Financial services to:
 - i. Review travel expenses to University policies
 - ii. Return receipts for taxable or non reimbursable expenses to employees
 - iii. Review applications for advances, pay and track approved advances to claims

References:

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- h. University - [Travel and Business Expense Policy and Procedures](#)
 - a. [T4130 – Employers Guide to Taxable Benefits](#)
 - b. CRA - [Transportation to and from home](#)

Examples:

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- i. Non Taxable and through Financial Services:
 - i. 9 month term employee reimbursed travel costs incurred to travel to our campus from a distance over 80 km away and return home
 - ii. 9 month term employee paid travel expenses for return trips (home to campus and back) after submitting receipts up to employment contract letter
 - iii. Summer session lecturer receiving \$1,000 for travel costs with receipts
 - iv. Calgary campus professor teaching 1 course in Lethbridge – reimbursed for round trips and other travel related costs from Calgary weekly
 - v. Research leave travel allowance – see [Special Work Site](#) section
 - j. Taxable:
 - i. Per diem and incidentals based on our per diem rates for part time professors or sessionals if the expenses related to travelling from their home to our campus and back. We would pay for their first trip here non-taxable but not subsequent trips or for them to return home.
 - k. Non Reimbursable
 - i. New or renewal costs of passport
 - ii. Contract for part time professor stipulated travel costs round trip from home destination of \$1,000 – they claim \$1,500 so only \$1,000 will be reimbursed. The additional \$500 is taxable and not reimbursable

Home Office Expenses (T2200 Form)

Legislation:

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- a. Employee's home work space must be where the employee mainly does their work (more than 50% of the time) OR where the home work space is only used to earn employment income and is used on a regular and continuous basis to meet with clients or customers.

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- b. Employers can provide a T2200 to employees who were REQUIRED to incur employment expenses as a condition of their employment contract.
- c. Employees are only eligible to claim home office expenses on their personal income tax return for employment purposes, with respect to the University of Lethbridge if they have been issued a T2200 by their Department.
- d. A T2200 provides employees with a record to prove they were required to incur expenses and provides them the ability to claim employment expenses on their tax return

University Process:

- e. Department / Faculty to:
 - iii. Ensure compliance with this guide and other University policies
 - iv. Complete T2200 if:
 - 1. Employee was REQUIRED, based on their conditions of employment to incur certain expenses to complete their employment duties. It's not IF they incurred expenses, but if they WERE REQUIRED to incur.
 - 2. Complete Part B #9 "Rent an office" if we do not provide an office as the form has no other suitable option to state they were required to have an office away from campus.
 - 3. Exclude the vehicle allowance and travel section on the T2200 form as there are considerable regulations imposed. Discuss with Financial Services if you have questions here.
 - v. Do not complete T2200 if:
 - 1. The employee was provided a reasonable amount of office space, time to access it, and office supplies.
 - 2. Research or leave of absences are the reason for the home office expenses.
 - vi. Provide employee with the T2200 form and keep a copy for your files

References:

- f. CRA - [T2200 Form](#)
- g. CRA - [T4044 Employment Expense](#)

Examples:

- h. Sessional employee who has access to a room to meet with students 1 hour before class only, not provided supplies – T2200
- i. Sessional employee who has access to a room to meet with students and prepare for classes, provided supplies – no T2200
- j. Faculty member with an office who works mostly from home – no T2200
- k. Full time Faculty member who lives out of town so he works from home – no T2200

Special Work Sites (TD4)

Legislation:

- a. **University reserves the right to pay less than is allowed by CRA rules.**
- b. Non taxable payments to employees for:
 - i. board and lodging, or an allowance received in respect of expenses incurred for board and lodging for accommodations,
 - ii. the value of certain employer provided transportation or an allowance received in respect of transportation, if they have received a payment for board and lodging
- c. For board and lodging expenses to be non taxable, the following criteria must be met:
 - i. The employee must work at the special work site, being a location at which the duties performed by the employee were temporary in nature
 - ii. The employee maintained at another location a self contained domestic establishment as the employee's principal place of residence
 1. The domestic location, throughout the period, was available for the employee's occupancy and not rented by the employee to any other person.
 2. By reason of distance, the employee could not reasonably be expected to return daily from the special worksite
 - iii. The period while the employee was required by his duties to be away from their principal place of residence was at least 36 hours
- d. For transportation expenses to be non taxable, the following criteria must be met:
 - i. Exclude from income free or subsidized transportation or allowance (reasonable) for a period **IF** the employee received board and lodging or a reasonable allowance in respect of board and lodging from the employer for that period.
 - ii. Transportation allowance must relate to the transportation between the employees principal place of residence and the special worksite.
 - iii.
- e. Duties of a temporary nature determination must consider the following factors:
(although not defined in the Income Tax Act)
 - i. Nature of the duties is short term such as repair work or trades which are involved only during a certain phase of the project
 - ii. Refers to the duration of the employees engagement on the project, not the overall time estimated for the project, or a particular phase of a project
 - iii. The agreed period of time for which the employee was engaged according to the employment contract or other terms of the engagement
 - iv. No longer than 2 years

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- f. **Note: Our University will only consider existing employees who have a special work condition at least 80 km away under the TD4 legislation. This results in the example of a faculty member who normally teaches in Calgary coming to Lethbridge to teach a course for 2 semesters having non taxable accommodation and travel costs, but not a new sessional employee hired for a 9 month term who didn't have an employment contract with the University prior to this appointment (see [Travel](#) and [Moving](#)).**

University Process:

- g. Department / Faculty to:
- i. Ensure compliance with this guide and other University policies
 - ii. Complete [TD4 Declaration](#) for an existing employee if they meet the conditions
 - iii. Consider the Travel and Moving sections for those that don't fit here
 - iv. Submit completed TD4 Declarations to Financial Services with cheque requisitions or Necho claims for these payments to be processed.
- h. Financial Services to:
- i. Process payments and keep TD4 Declarations on file as proof

References:

- i. [TD4 Declaration – Employment at a Special Work Site](#)
- j. [IT-91R4 Employment at Special Work Sites and Remote Locations](#)

Examples:

- k. Faculty normally working in Lethbridge travels to Calgary to attend conference – No TD4, expense claim under [Travel](#) Section
- l. Faculty normally working in Lethbridge travels to Calgary to teach 1 course per week and stays overnight (under 36 hours)– No TD4, expense claim under [Travel](#) Section
- m. Faculty normally working in Lethbridge moves to Calgary for 1 year to teach 4 courses and does not continue to teach in Lethbridge for this term, maintains their residence in Lethbridge and does not rent it out – TD4 for travel from Lethbridge to Calgary and return trips and accommodation allowance for the year.
- n. Faculty from U of C teaches one class in Lethbridge and commutes weekly – No TD4, see Part Time Employee rules in [Travel](#) Section.

Gifts and Awards

See Employee Recognition Policy

Non Employees

Individual – Services provided

Legislation:

- a. Payment over \$500 to individuals for services are subject to tax deductions (T4A)
- b. Per discussions with CRA representative in the spring of 2008, it is not common practice across Canada to withhold tax from these individuals as they produce an employment statement with their income tax return.
- c. **Note: Our University will complete T4A's for individuals or non incorporated companies that do not charge GST. Services provided need to be evaluated using the Employee vs. Contractor form. This section applies to those where an individual has been deemed a contractor. Please use account #6194 for unincorporated contractors not charging GST.**

University Process:

- d. Department or faculty to:
 - i. Ensure compliance with this guide and other University policies
 - ii. If the payment is an honorarium, please go to the [Honorarium](#) section
 - iii. Fill out the Employee vs. Contractor Evaluation Form – [Appendix 1](#) and submit as payment backup
 1. If deemed an employee – complete PAF and submit to Payroll for processing, including the Employee vs. Contractor form as backup
 2. If deemed contractor – submit invoices and completed Employee vs. Contractor Evaluation Form to Financial Services for payment processing. Include the individuals SIN number if GST is not charged.
- e. Payroll to:
 - i. Process PAF payments
 - ii. Collect individuals data and report on tax slips
 - iii. Process WCB info from Financial Services
- f. Financial Services to:
 - i. Process payments for contracts and complete tax slips
 - ii. Provide WCB info to payroll for contractors processed through accounts payable

References:

- g. [RC4157](#) – Deducting Income Tax on Pension and Other income, T4A slips

Examples:

- h. Individual completes technical writing for faculty with no GST charged – no tax withheld, T4A at end of year, Employment vs. Contractor Form determined Contractor

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- i. Individual completes technical writing for faculty with GST charged – no tax withheld, no T4A, Employment vs. Contractor Form determined Contractor

Company – services provided

Legislation:

- a. Payment over \$500 to corporations for services are subject to tax deductions (T4A)
- b. Per discussions with CRA representative in the spring of 2008, it is not common practice across Canada to withhold tax from these individuals as they produce an employment statement with their income tax return.
- c. **Note: Our University will complete T4A's for individuals or non incorporated companies that do not charge GST. Services provided need to be evaluated using the Employee vs. Contractor form. This section applies to those where a company has been deemed a contractor. Please use account #6194 for unincorporated contractors not charging GST and #6193 for incorporated contractors and unincorporated contractors charging GST.**

University Process:

- d. Department or faculty to:
 - i. Ensure compliance with this guide and other University policies
 - i. Review invoices for incorporation evidence (Inc. or Ltd. at end of business name) and GST charged
 - ii. If company name contains Inc., Ltd., or GST is charged, submit invoices to Financial Services for payment
 - iii. If company name does not include Inc., Ltd., or GST is not charged on the invoice, complete the Employee vs. Contractor form.
 - 1. If deemed an employee – complete PAF and submit to Payroll for processing, including the Employee vs. Contractor form as backup
 - 2. If deemed contractor – submit invoices and completed Employee vs. Contractor Evaluation Form to Financial Services for payment processing. Include the individuals SIN number.
- e. Financial Services to:
 - i. Process payment for contractors, incorporated companies and those who charge GST
- f. Payroll to:
 - i. Process payments for deemed employees

References:

- g. [RC4157](#) – Deducting Income Tax on Pension and Other income, T4A slips

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Examples:

- h. Unincorporated business consults by doing technical writing, no GST charged – Employee vs. Contractor form determined contractor, submitted invoice and SIN number to Financial Services, no tax withheld, T4A at end of year for owner of business
- i. Unincorporated business consults by doing technical writing, and GST was charged – submitted invoice to Financial Services, no tax withheld, no T4A
- j. Incorporated business invoices without GST – submitted to Financial Services for payment, no tax withheld, no T4A
- k. Incorporated business invoices with GST – submitted to Financial Services for payment, no tax withheld, no T4A

Travel

Legislation:

- a. **University reserves the right to pay less than is allowed by CRA rules.**
- b. Non taxable Expenses:
 - ii. Reimbursements using our prescribed per diems and per km allowances and refunds where receipts are provided
 - iii. Allowances not based on our per diem values for incorporated or GST charging companies– these costs are considered part of their contract price
- c. Taxable Expenses
 - i. Allowances paid to individuals or non incorporated companies that are not based on per diem values we have set are considered part of their remuneration
 - ii. Travel from employees home to work or back if they do not fit into the “[Special Work Site](#)” criteria – return to Employee section for more information
- d. **Note: Our University will complete T4A’s for individuals or non incorporated companies that do not charge GST (SIN numbers are required).**

University Process:

- e. Department / Faculty to:
 - i. Ensure compliance with this guide and other University policies
 - ii. If the employee is deemed an employee (either an honorarium or as determined by the “Employee vs. Contractor” form) - please use the [Employee Travel section](#).
 - iii. Understand the implications of this guideline on contracts they negotiate
 - iv. Submit travel reimbursements through Financial Services
- f. Financial services to:
 - i. Review expenses to University policies
 - ii. Forward taxable amounts to payroll
 - iii. Process non taxable claims

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- g. Payroll to:
 - i. Post taxable travel amounts forwarded from Financial Services

References:

- h. CAUBO Income Tax Guide – Chapter 9
- i. [RC 4445 T4A-NR](#) Payments to Non-Residents for Services Provided in Canada

Examples:

- j. Travel allowance of \$1,000 provided to guest lecturer (speaker or someone receiving honorarium), no receipts – paid through financial services, included on T4A slip
- k. Travel cost of \$1,000 provided to guest lecturer (speaker or someone receiving honorarium), based on receipts – paid through financial services, not included on T4A slip
- l. Meal and incidental rates that do not follow our daily per diem rates – included on T4A
- m. Mixed:
 - i. Guest lecturer receives \$200 to travel from Calgary based on our per diem rates and \$100 incidentals not based on our daily per diem incidental rate—\$200 travel based excluded from T4A, but \$100 incidentals is included
 - ii. Guest lecturer reimbursed for receipts of travel to Lethbridge for themselves and their spouse – spouse portion is included on T4A, speaker portion is not.

Other Payments

Honorariums

Legislation:

- a. Honorariums are deemed employment income, and are subject to payroll deductions
- b. Definition – a payment for services rendered where fees are not legally or traditionally required. It's a thank you provided where there is no negotiation on the amount and is not invoiced. If negotiation with the vendor occurs, the payment is fee for service.
- c. Honorarium values do not change depending on hours of service. If hours of service are a consideration in the value, the payment is automatically payroll.
- d. **Note: At our University, all honorariums, or any payments made to individuals based on an hourly rate are paid through Payroll using a PAF form.**

University Process:

- e. Department or Faculty to:
 - i. Ensure compliance with this guide and other University policies
 - ii. Request and submit SIN number for individuals receiving honorarium
 - iii. Submit payments through payroll using a PAF

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- iv. Attach evidence (email or event brochure) from the person receiving the honorarium that they agree to come to provide the service.
- v. Abide by payroll deadlines to ensure payments made when needed
- vi. Review Non-Resident Tax and GST Guide for non residents
- vii. If a cash advance is required by an employee to provide honorariums to a group of individuals (such as Native Awareness Week), the cash advance is to be coordinated and approved in advance through the Cash office and Financial Services. The employee is responsible to follow the procedures laid out for cash advances including providing appropriate information about the recipients to clear the advance or risk having the advance deducted from their monthly pay.
- f. Payroll to:
 - i. Process payments
 - ii. Log vendor information and create tax slips
- g. Financial Services to:
 - i. Process cash advances for honorariums, maintain a listing of the recipients and create tax slips.

References:

- h. Non Resident Tax and GST Guide
- i. [RC4157](#) – Deducting Income Tax on Pension and other Income

Examples:

- j. Guest lecturer receives \$1,000 honorarium – PAF required, no deductions, T4A
- k. Guest lecturer receives \$500, \$100/hour of service – PAF required, full payroll taxes, T4
- l. Faculty pays a band \$800 to perform at their function, band has a business name and invoice – pay through Financial Services – fee for service
- m. Faculty pays a band \$800 to perform at their function, band members each earn \$200 – PAF through Payroll for each member of the band, no deductions, T4A

Parking

General Information:

- a. Taxable – i.e. taxable benefit on T4
 - i. Employer paid parking for employee (full or part time, temporary or continuous)
- b. Non Taxable – i.e. expense
 - i. Parking permit for guest lecturer, or contractor – not included on tax slips
 - ii. Permit included in room rental contracts – contract cost, not taxable
 - iii. Contract instructor – i.e. swim instructor or doctor on hand – contract cost, not taxable

Purchase of Goods

- a. Goods purchased from individuals require:
 - i. an invoice from the vendor with a description of the goods and price
 - ii. Full name and address of both the vendor and the purchaser
 - iii. GST number if they are charging GST
- b. Goods purchased from non-arms length persons (for example employee or relatives of employees) require independent valuation backup to support the invoice value
- c. No special rules for processing, pay through Financial Services

GST

Legislation:

- a. Canada Revenue Agency legislates us to collect GST on any commercial activities and pay GST to suppliers for most goods, services and supply by the invoice's due date.
- b. As a University, we are eligible for a 100% GST rebate on certain supply and 66.7% on another supply.
- c. Revenues - Charge GST on all revenues that are ancillary (commercial).
 - i. Exempt if performances are put on by students (at least 90%)
 - ii. Example of Ancillary services - Theatre, museum or gallery admissions, calendar fees, athletic fees, membership fees, student union fees, regalia fees, course material fees, food preparation, bookstore, conference services, conference or seminar fees
 - iii. GST collected if the school collects admissions on behalf of an outside organization and we charge the outside organization for production costs plus GST. The outside organization remits this GST.
 - iv. Conference or seminars arranged by the University on behalf of an outside organization, the tax status follows our status, so it is taxable
- d. Expenses - As a University, we are eligible for a 100% credit on GST paid for commercial activities and 66.7% rebate for purchases that are inputs to our service delivery of non GST 'able services such as providing education.
 - i. Rebate of 66.66% eligible for GST paid on purchases to the extent GST could not be claimed as an input tax credit. These include purchases to make exempt supplies (inputs into the teaching process), and for supplies we do not collect tax on because it is a small supplier.
 - ii. Input tax credit of 100% eligible for goods and services consumed, used, or supplied exclusively (90% or higher) in commercial activity where we charge GST
 - iii. No rebate for alcohol or tobacco

University Process:

- e. Department or Faculty to:

Tax Guidelines for Paying Canadians Individuals and Companies

Aug. 2012

Financial
Services

- i. Ensure compliance with this guide and other University policies
- iv. Assess their billing and invoicing procedures for the GST impact
- f. Financial Services to:
 - i. Process payments
 - ii. Assist with assessment GST status

References:

- g. “Goods and Service Tax – Question and Answer Guide” by Ernst & Young

Examples:

- h. Revenues:
 - i. Fine Arts student production charges admission – no GST collected
 - ii. Fine Arts promotes guest performer and charges admission – Collect GST
 - iii. Management Students Society holds conference here that the University acts as an agent in administering – Collect GST and claim GST rebates and ITC’s.
 - iv. Nursing Career Fair put on by Health Sciences Undergrad Association and the University faculty acts as an agent – Collect GST and claim GST rebates and ITC’s.
 - v. CPR recertification sessions for faculty and staff– no GST collected
 - vi. Fundraising dinners where a part of the amount received represents a donation where an official income tax receipt may be issued – GST exempt for ticket sales
 - vii. Guest speaker dinner event where tickets are sold is considered a commercial activity – GST collected and claim GST rebates and ITC’s on costs
- i. Expenses
 - i. Food services, book store and conference centre – 100% GST Input Tax Credit
 - ii. Telephone, paper, pen and GST on utilities to a faculty – 66.67% Rebate
 - iii. Fine Arts promotes guest performer and charges admission – Collect GST, full 100% ITC claimed on costs
 - iv. Management Students Society holds conference here that the University acts as an agent in administering – Charge GST, full 100% ITC claimed on costs