

Financial Services Approved University Policy

Employee or Independent Contractor Policy Appendix 2

APPENDIX 2

SUMMARY CHART FOR TREATMENT OF PAYMENTS

Information below in the Type of Payment column refers to payments made to Canadian employees or Independent Contractors through either the payroll process or the accounts payable process.

Employees are paid through payroll pursuant to the submission of appointment letters. Vendors, including independent contractors, are paid through Accounts Payable pursuant to the submission of invoices or cheque requisitions, supported by Independent Contractor Agreements where required (see Appendix 3).

	Type of Payment	CRA References
A. Full-time Academic Appointments		
1. All individuals appointed under Full-time Academic Appointments are considered employees of the University of New Brunswick.	Payroll, (T4)	T4001
2. In the case where an individual is seconded from another educational institution or government entity and where the contract is with the other institution.	Accounts Payable	
B. Part-time Instructors for Credit Courses		
1. <u>University of New Brunswick Employees:</u> Where an employee relationship already exists and the employee is engaged in supplementary lecturing. Under all circumstances the employee will be paid through payroll.	Payroll, (T4)	T4001
2. <u>Individuals:</u> All individuals appointed as part-time instructors are considered employees of the University.	Payroll, (T4)	T4001
3. <u>Proprietors:</u> A proprietorship is an unincorporated business owned by one person, the proprietor. Where the part-time instructor is the proprietor, and		
a) the subject of the course is not directly related to the business of the proprietorship	Payroll, (T4)	T4002 RC4110
b) the subject of the course is directly related to the business of the proprietorship, but the proprietor is the only individual involved in the business	Payroll, (T4)	T4002 RC4110
c) the subject of the course is directly related to the business of the proprietorship and the proprietorship has two or more highly trained employees	Accounts Payable	T4002 RC4110
4. <u>Partners:</u> A partnership is an unincorporated business by two or more persons, the partners. Where the part-time instructor is a partner, and		
a) the subject of the course is not directly related to the business of the partnership	Payroll, (T4)	T4001 RC4110
b) the subject of the course is directly related to the business of the partnership	Accounts Payable	T4002 RC4110

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	Type of Payment	CRA References												
B. Part-time Instructors for Credit Courses (continued)														
5. <u>Employees of an Enterprise:</u> Where a part-time instructor is an employee of a • a proprietorship, or • a partnership, or • a corporation, where the part-time instructor <table border="1"> <tr> <td>a) is not a controlling shareholder, or a member of a related group that controls the enterprise</td><td>Accounts Payable</td><td>T4002 RC4110</td></tr> <tr> <td>b) is a controlling shareholder, or a member of a related group that controls the enterprise, and the subject of the course is directly related to the business of the enterprise, and the enterprise has a number of highly trained employees</td><td>Accounts Payable</td><td>T4002 RC4110</td></tr> <tr> <td>c) is a controlling shareholder, or a member of a related group that controls the enterprise, and the subject of the course is not directly related to the business of the enterprise,</td><td>Payroll, (T4)</td><td>T4001</td></tr> <tr> <td>d) is the controlling shareholder and is the only trained employee</td><td>Payroll, (T4)</td><td>T4001</td></tr> </table>	a) is not a controlling shareholder, or a member of a related group that controls the enterprise	Accounts Payable	T4002 RC4110	b) is a controlling shareholder, or a member of a related group that controls the enterprise, and the subject of the course is directly related to the business of the enterprise, and the enterprise has a number of highly trained employees	Accounts Payable	T4002 RC4110	c) is a controlling shareholder, or a member of a related group that controls the enterprise, and the subject of the course is not directly related to the business of the enterprise,	Payroll, (T4)	T4001	d) is the controlling shareholder and is the only trained employee	Payroll, (T4)	T4001		
a) is not a controlling shareholder, or a member of a related group that controls the enterprise	Accounts Payable	T4002 RC4110												
b) is a controlling shareholder, or a member of a related group that controls the enterprise, and the subject of the course is directly related to the business of the enterprise, and the enterprise has a number of highly trained employees	Accounts Payable	T4002 RC4110												
c) is a controlling shareholder, or a member of a related group that controls the enterprise, and the subject of the course is not directly related to the business of the enterprise,	Payroll, (T4)	T4001												
d) is the controlling shareholder and is the only trained employee	Payroll, (T4)	T4001												
C. Non-credit Short Courses and Special Seminars or Workshops not related to the day-to-day academic programs of the university														
1. When the course is recurring or intended to be recurring and the individual teaches more than 25 hours, an employment relationship will normally exist.	Payroll, (T4)	T4001												
2. If a course is not recurring (i.e. not more than once a year) or if the course is recurring or intended to be recurring but the individual teaches 25 hours or less, an employment relationship will normally not exist.														
a) University of New Brunswick employees and others engaged as independent contractors	Accounts Payable(T4A)	RC4157												
b) when individuals are seconded from another educational institution or government entity	Accounts Payable													
D. Guest Lecturers/Speakers														
A guest lecturer/speaker is an individual brought in from outside the university to lecture on a specific topic within a course. This person would not deliver more than approximately five lectures. The guest lecturer must be engaged specifically for that person's expertise on a particular topic rather than as a substitute for a regular instructor. They normally have no marking or grading responsibility, no office facilities, or support staff provided and no ongoing responsibility to the participants attending.	Accounts Payable (T4A)	RC4157												

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	Type of Payment	CRA References
E. Consulting		
Consulting is the provision of professional or expert advice. It does not include teaching.		
1. <u>University of New Brunswick</u> employee hired as consultant:		
a) for additional services which are of the type of service provided in the normal course of duties under existing employment contract;	Payroll, (T4)	T4001
b) where type of service is clearly beyond terms of existing employment contract, but where the four tests are not met (see Appendix 1)	Payroll, (T4)	T4001
c) where type of service is clearly beyond terms of existing employment contract, and where the four tests are met (see Appendix 1);	Accounts Payable (T4A)	
2. <u>Individuals</u> If the individual meets the definition of control, meeting 4 test requirements and earns less than \$30,000 in revenue for HST registrant purposes.	Accounts Payable (T4A)	
3. <u>Proprietors:</u> A proprietorship is an unincorporated business owned by one person.		
a) where the proprietorship has a number of highly trained employees and the contract can reasonably be regarded as one between the proprietorship as a firm (earnings over the HST threshold of \$30,000)	Accounts Payable	T4002 RC4110
b) where there is only one individual involved in the business, but the four tests are met (see Appendix 1)	Accounts Payable	T4002 RC4110
4. <u>Partners of Firms:</u> Where a contract is between the University and a partnership and the subject of the course is directly related to the business of the partnership.		
a) and no particular individual is specified	Accounts Payable	T4002 RC4110
b) and a particular individual is specified	Accounts Payable	T4002 RC4110

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F. Artistic Performances		
1. Individual performers where the University determines the nature of the performance	Payroll (T4)	T4001
2. Individual Performers where the University does not determine the nature of the performance	Accounts Payable (T4A)	T4002 RC4110
3. Groups where the individuals are part of an arm's length performing group, and payment is made to that group rather than to the individuals	Accounts Payable	T4002 RC4110

G. Non-instructional Services		
Non-instructional services would include, but is not limited to: marking exams and papers, grading correspondence courses, preparing exams, preparing course outlines, preparing textbooks, invigilating, typing, writing a computer program, preparing stage props for a play, translation services, sports camp coaches, etc.		
1. <u>University of New Brunswick</u> employees where service is of the type of service provided in the normal course of duties under existing employment contract	Payroll (T4)	T4001
2. <u>All other individuals</u>		
a) where only individual's time is purchased and specific tasks are assigned	Payroll (T4)	T4001 RC4110
b) where fee is predicated upon quantity e.g. number of interviews completed, pages prepared, papers marked, etc.;	Accounts Payable (T4A)	RC4110 RC4157
c) if the work is done away from the university, the person is expected to pay own expenses, was free to use the services of others and was simply required to produce a completed product;	Accounts Payable (T4A)	T4002 RC4110
d) Individuals operating as professional businesses (whom meet the four control criteria), such as health care, web designers, accounting or legal professionals, who invoice the University under a business name.	Accounts Payable	T4002 RC4110

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	Type of Payment	CRA References
H. Research		
1. <u>Principle Investigator</u>		
a) Research forming part of the individual's regular academic appointment with the University of New Brunswick	Payroll (T4)	T4001
b) Payments for research from sponsored research contracts, administered by the University which are considered outside the individual's regular academic appointment. The research is being carried out at the discretion of the individual, Principle Investigator fees are provided by the sponsor who is independent of the University, and the ultimate responsibility for the research rests with the Principle Investigator. A separate agreement must be entered into between the individual and the University, signed by the Sponsor and the Principle Investigator, the Dean/Director and the Vice-President Research, or designate, where it is certified that all of the following apply: i) the income does not support the person's academic appointment; ii) responsibilities under the Prime Research Contract from which the payments are derived are not part of the Principle Investigator's usual employment responsibilities; iii) the Principle Investigator has agreed to undertake the work under the Prime Research Contract as a matter of personal choice and the research is not being carried out in the course of the Principle Investigator's employment; iv) the Sponsor of the Prime Research Contract is an entity external to the University and shall pay the costs of research; v) the Prime Research Contract outlines a defined task to be carried out; vi) even though the task is to be carried out within a specified time limit, the Principle Investigator has not been hired full-time by the Sponsor for a specific period of time; vii) The control over or direction of the research rests with the Principle Investigator.	Accounts Payable (T4A)	T4002 IT-75R4 RC4157 IT56(1)*
2. <u>Non Academic University of New Brunswick Employees</u> : where service is of the type of service provided in the normal course of duties under existing employment contract	Payroll (T4)	T4001 IT-75R4
3. <u>UNB employees and non employees who deal at arm's length with the University</u> :		
i) where only the individual's time is purchased and specific tasks are assigned;	Payroll (T4)	T4001
ii) where the fee is predicated upon quantity produced, e.g., number of interviews completed, pages typed, etc.;	Accounts Payable	T4002 RC4110
iii) where the work is done away from the university, the person is expected to pay own expenses, was free to use the services of others, and was simply required to produce a completed product.	Accounts Payable	T4002 RC4110

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	Type of Payment	CRA References
I. Scholarships/Fellowships/Bursaries		
1. Visiting Scholars, Researchers, Scientists		ITA-115(2)e(iii)
a) Non-resident scholarship/fellowship/bursary	T4A (HR)	56(1)n*
2. Doctorate, Post-Doctorate Fellowships		
Depends on Primary Purpose of the Award		
a) if purposely for research	T4A (HR)	ITA 56(1)o*
b) if purposely for study	T4A (HR)	ITA 56(1)n(i)*
3. Research Assistantships		
a) Graduate Research Assistants	T4A (HR)	ITA 5(1) and 56(1)o*
b) Graduate Teaching Assistants	T4	ITA 5(1) IT-75R4 IT56(1)r*
c) Research Assistants	T4A (HR)	ITA 5(1) and 56(1)o*
d) Research Assistants (Non-thesis)	T4	ITA 5(1) and 56(1)r*
4. Scholarships Net amount less exemption per ITA- 56(3)	Accounts Payable (T4A)	IT-75R4 and 56(1)n(i)*
5. Undergraduate Resident Assistants, Proctorships		
a) Credit toward residence fees in lieu of services rendered	Accounts Payable (T4A)	IT-75R4 and 56(1)n(i)*
b) Honorarium for Payment of Services above	Accounts Payable (T4A)	IT-75R4 and 56(1)n(i)*
J. Forgivable Loans		
Where an employee is paid or given funding for continuing education with agreement to return upon completion		
1. Interest on Balance Outstanding until Repayment	T4A	IT-421R2S12
2. Becomes Income in Year of Forgiveness	T4	ITA 80.4 and IT-421R2S11 ITA 5(1)

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	Type of Payment	CRA References
K. Other Taxable Benefits		
Other employer benefits granted to employees		
1. Tuition Benefit for Employees	T4	ITA- 6(1)a
2. Housing Benefit		ITA
a) Dons/Asst. Dons	T4A (HR)	
b) Visiting Scholars (Living Allowances)	Accounts Payable (T4A)	
3. Life Insurance Premiums- Employer paid	T4	ITA
4. Bonuses, Honorariums to Employees	T4	ITA 5(1) and 6(1)a

It should be emphasized that the method of reporting the payment by the university does not restrict the individual's right to file his or her personal income tax return on the basis of self-employment nor do they preclude subsequent discussions with the tax authorities or appeal to the courts.

*NOTE: Withholding Tax is only required at source if the income meets ITA 56(1) r. It is not required to be deducted at source if the source of income meets ITA 56(1) n or 56(1) o. The employee is at liberty to elect to have tax deducted at source through submission of a TD1 to Payroll Services.