



Carleton
UNIVERSITY

Canada's Capital University

Policy Name:	Payments to Individuals and Business Entities
Originating/Responsible Department:	Financial Services
Approval Authority:	Senior Management Committee
Date of Original Policy:	March 2005
Last Updated:	October 2020
Mandatory Revision Date:	October 2025
Contact:	Assistant Vice-President (Financial Services)

Policy:

All payments made by the University to individuals and business entities shall be made in accordance with the Income Tax Act of Canada and Regulations established by the Canadian Revenue Agency, and as they may be amended from time to time.

Purpose:

The purpose of this policy is to ensure the University conforms to statutory regulations regarding all payments to individuals and business entities.

Scope:

This policy applies to all payments to business entities for services rendered, and any payment to an individual that may give rise to taxable income under the Income Tax of Canada. This policy further encompasses payments made to non-residents.

Definitions:

I. Honoraria

An honorarium is a nominal payment made in recognition of a contribution towards a specific activity of the University. It is not intended to pay for service itself, but to provide a **token of appreciation** to the individual.

The amount of the honorarium should not be representative of the fair value of the contribution made to the University by the individual and should only be a small portion of what the service would cost. Honorarium payments **greater than \$500** are **reviewed** and confirmed by Financial Services to ensure the payment meets the criteria outlined above.

Honorariums are not paid to individuals who are employees of the university.

II. Guest Lecturers

A Guest Lecturer is an individual who has no ongoing responsibility to the participants or students attending the lecture. They have no grading or marking responsibility and the lecture or lecture series is of limited duration. The individual has no appointment with the University and has no facilities or support staff provided.

III. Gift

Gifts to employees and non-employees can be made from university funds under specific circumstances within dollar limits. Please see the University Funded Gifts, Recognition, and Donations policy for guidance.

IV. Professional Services

A Professional or Consulting Service provider is a person or business entity retained under a fee-for-service arrangement to perform specific tasks under the University's direction for a limited period of time.

Procedure

Employees of the University must be paid as employees for services rendered that are related to their employment contract, or is employment income by nature. For example, a faculty member providing teaching, research or community service to the University must be paid as an employee, even if the engagement is above and beyond the normal duties. Likewise, a staff member performing duties that would normally be considered employment duties, that are unrelated to the individual's employment contract, must still be paid as an employee. For example, a staff member from the Finance Office invigilating an exam.

It is the responsibility of the Manager or Department Head to initiate an assessment at the time of engagement, as to whether an individual or entity who provides services to the University is in an employer-employee relationship or has self-employed status (independent contractor).

To initiate the assessment, the Manager or Department Head shall complete the Independent Contractor Questionnaire in eShop, including the name of the individual or business entity, type of service being provided, answering all required assessment questions, and attaching the signed Indemnification Agreement.

If, under the guidelines in Appendix A the individual is deemed to be an employee, then the individual should be paid using normal payroll procedures as outlined by the Human Resources Department, and as amended from time to time.

Accounts Payable shall review the Independent Contractor Questionnaire and accompanying Indemnification Agreement and make the final determination of an employer-employee relationship or self-employed status.

Where the employment relationship is determined to be one of self-employment (independent contractor), it is the responsibility of the Manager or Department Head to obtain proof of liability insurance from the self-employed individual or entity (Independent Contractor). Such proof should take the form of a Certificate of Insurance indicating that the type of service is covered under the independent contractor's liability policy. A copy of the Certificate of

Insurance shall be sent to Risk and Insurance Services. Specific limits of insurance are determined by the type of work performed. These limits should be set in consultation with the Director, Risk and Insurance Services, but the minimum should be \$2 million. Request for an exemption under this policy shall be submitted to the Director, Risk and Insurance for consideration.

Once the employment relationship has been determined as self-employed status, payment can then be made following the University's accounts payable procedures.

Contacts:

Tim Sullivan, Assistant Vice-President (Financial Services)
Director, Risk and Insurance Services

Links to related policies:

[Conflict of Interest Policy](#)

[Signing Authorities Policy](#)

University [Funded](#) Gifts, Recognition, and Donations

Appendix A

Taxation Treatment Guidelines

	Type of Service Provided	Employee	Independent Contractor	Payment Method
Teaching	Carleton University employee or individual performing teaching that is not part of the normal employment responsibilities, not related to day to day academic programs, not for credit, or not covered under the terms of the governing appointments documents e.g., CUASA collective agreement <i>Example: Carleton professor teaches one day professional seminar for School of Business</i>	X		Payroll - T4 Issued
	Guest lecturer - see definition		X	Accounts Payable – T4A or T4A-NR issue

Non-Instructional Services	Current employees performing work that is part of the normal course of duties under an existing employment contract.	X		Payroll - T4 Issued
	An Individual's time is at the disposal of the University for a fixed or determinate time. Factors to consider; Have set hours, works at the University, provided supplies and equipment. <i>Example: Individual is hired on three-month contract as fill in for Administrative Assistant on maternity leave</i>	X		Payroll - T4 Issued
	Business or individuals paid a fee to provide specified products or services, e.g., consulting services, statistical analysis. Factors to consider: work is done away from University; does business or individual pay own expenses. <i>Example: Computer Services hires consultant to provide code to enhance existing computer application. Carleton is one of many customers of consultant.</i>		X	Accounts Payable - T4A

Research	Current employee engaged in research as part of responsibilities or normal course of duties under an existing employment contract. Fees are earned as part of an agreement between the University and an external agency and the University is responsible for the satisfactory completion of the project.	X		Payroll - T4 Issued
	Research project personnel engaged in research under the direction, guidance or supervision of a Carleton University principal investigator and are not students carrying out research related to degree requirements. Factors to consider: appointed for a fixed period of time, regularly engaged in research at the University, requires regular payments, provided with supplies, equipment, office space, email account, etc. The employer may be the University	X		Payroll - T4 Issued

Honoraria	<p>Non-Employee – A payment made that does not represent a full compensation for time and effort. Not compensatory for the level of services rendered.</p> <p><i>Example: Retiree, who is no longer employed in any capacity with the University, volunteers to help register delegates for a 5-day conference. The volunteer helps out for 20 hours. The Department gives the individual \$100 for this activity.</i></p>		x	Accounts Payable -T4A
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Further information is available through the Canada Revenue Agency website at <http://www.cra-arc.gc.ca/E/pub/tg/rc4110/rc4110-16e.pdf>