

<b>Policy Name:</b>	<b>Payments to Individuals and Business Entities</b>
<b>Originating/Responsible Department:</b>	<b>Financial Services</b>
<b>Approval Authority:</b>	<b>Senior Management Committee</b>
<b>Date of Original Policy:</b>	<b>March 2005</b>
<b>Last Updated:</b>	<b>October 2025</b>
<b>Mandatory Revision Date:</b>	<b>October 2030</b>
<b>Contact:</b>	<b>Associate Vice-President, Financial Services and Chief Financial Officer</b>

**Policy:**

All payments made by the University to individuals and business entities shall be made in accordance with the *Income Tax Act* and regulations established by the Canada Revenue Agency.

**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 Act*. This policy further encompasses payments made to non-residents.

If a self-employed individual or an honorarium recipient is paid more than \$500 by the University throughout the calendar year, the University will issue a T4A. If a non-resident is paid for services that they performed in Canada, the University will take withholding tax and issue a T4ANR.

**Procedure:**

**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. It is the responsibility of the Department to ensure that the payment is below fair market value for the services provided and meets the honorarium criteria. Financial Services reserves the right to review the payment and confirm the criteria have been met.

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

## **II. Gift**

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

## **III. Payment for Services**

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 Department 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).

If the individual is deemed to be an employee, then the individual will be paid using normal payroll procedures as outlined by the Human Resources Department, and the payment will be reported on a T4.

Financial Services 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), the independent contractor must agree to the university's terms and conditions and submit proof of liability insurance. 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. Specific limits of insurance are determined by the type of work performed. These limits should be set in consultation with the Department of Risk Management, but the minimum should be \$5 million. Request for an exemption under this policy shall be submitted to the Department of Risk Management 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.

## **Roles and Responsibilities**

The department engaging the individual or business entity is responsible for:

- ensuring payments are made in accordance with university policy and that all required supporting documentation is submitted.

Financial Services is responsible for:

- ensuring payments are made in accordance with university policy, the Income Tax Act, and CRA regulations and that all required supporting documentation is received.

Department of Risk Management is responsible for:

- providing guidance on adequate insurance coverage and reviewing exemption requests.

**Contacts:**

Associate Vice-President, Financial Services and Chief Financial Officer  
Associate Vice-President, Department of Risk Management

**Related Policies:**

Conflict of Interest Policy  
Financial Fraud Prevention and Reporting Policy  
Hospitality and Working Meals Expenses Policy  
Signing Authorities Policy  
Gifts, Recognition and Donations (University Funded) Policy