

Procedures – Honorarium Payment Policy

1. Background

When issuing payment to individuals, including the issuance of payments for items falling outside of the scope of College employment, the College is obligated to ensure compliance with Canada Revenue Agency (CRA) rules and guidelines.

The purpose of these Procedures is to provide clarity regarding the definition and payment of honoraria from the College and to provide a framework for consistent and fair treatment across the College. The term “honorarium” is often misunderstood in the College setting resulting in payments being incorrectly coded for income tax purposes. As a result of these errors the College may be:

- a) In violation of federal and provincial tax regulations that require mandatory deductions from employment income.
- b) In violation of the Employment Standards Act (ESA) if the services/work performed is in fact employment in nature.
- c) Subject to a reassessment by the CRA resulting in the College being required to pay the employer and employee share of taxes (i.e. Canadian Pension Plan (CPP), Employment Insurance (EI), Workplace Safety and Insurance Board (WSIB), and Employer Health Tax (EHT)) plus fines and penalties.
- d) In violation of purchasing requirements if the individual being paid is, in fact, an independent contractor.
- e) Subject to damage to its reputation.

Further, incorrect coding of payments can also negatively impact the individual receiving the payment as, ultimately, they will be responsible for paying income taxes on the amount. This can be a financial burden if this was not anticipated, especially if the amount is substantial. The individual can also be assessed fines and penalties for late payment of these taxes.

2. Definitions

“CRA” refers to the Canada Revenue Agency.

“Employee” refers to a person who is employed by the College whether part-time, full-time, casual or temporary.

“Honorarium” typically constitutes a nominal payment (\$500 or less) made on a special or non-recurring occasion to an individual who is not under the employment of the College to acknowledge or recognize the contribution of gratuitous services to the College.

Examples include:

- Guest speaker at an educational event or similar function; and
- Assistance for set-up or supporting activities at special events.

An honorarium is not based on an agreed-to amount between the individual providing services and the College representative seeking services. If payment is agreed upon, this constitutes a contractual arrangement. Thus, an employment or independent contractor (business) relationship exists.

An honorarium is not appropriate if the College is obtaining the services of a professional speaker or consultant who performs the requested service for a living. These individuals would be considered self-employed and should receive a fee for service or consulting payment.

“ODTM” refers to Organizational Development and Talent Management department of Canadore College (aka Human Resources).

3. Honorarium Recipient Criteria

3.1. When individuals receive any payment or type of compensation from the College for the involvement in college activities or projects the relationship between the College and the individual must be examined to determine if an employee-employer relationship exists. The attached **Appendix A -“Determination of Employment Status Form”** can be used to assist in the determination of whether or not an individual is an employee of the College or is self-employed/acting as an independent contractor. This determination is imperative as it drives any reporting and income tax requirements that the College must undertake with respect to the individual

3.2. An honorarium may be used as payment to:

- a) a non-professional as a “thank you” or gesture of goodwill and appreciation;
- b) a guest speaker or lecturer;
- c) an external party for a special classroom lecture or short series of such lectures;
- d) an individual for conducting a seminar or workshop;
- e) a guest speaker at an educational event or other similar function;
- f) a guest speaker participating at outreach events;
- g) a volunteer for assistance for set-up or supporting activities at special events; or
- h) an external examiner whose services are engaged on a one-time or very infrequent basis.

For advice in situations not listed here, employees who wish to pay an honorarium may consult with the Manager, Financial Services.

4. College Employees

If an individual is considered an employee of the College:

- a) Additional payments to college employees outside of normal job responsibilities will require appropriate approval. Any such additional payments to college employees will always be processed through payroll.
- b) The department engaging the individual must complete all required documentation and forward to ODTM and Financial Services to ensure the individual is appropriately added to payroll.
- c) Payroll will add the individual to payroll processing, track wages, remit deductions to Canada Revenue Agency, and issue a T4 to the individual at the end of the calendar year.

5. Non-Employees

5.1. Is an individual receiving payment from the College:

- a) who is not considered an employee under section 4.;
- b) is receiving a payment that is considered small, special, or non-routine as a sign of recognition of an individual's contribution; and
- c) who meets the Honorarium Recipient Criteria outlined in section 2.

5.2. The department engaging the services of the individual must complete "**Appendix B-REQUEST FOR HONORARIUM PAYMENT FORM**" and email it to the Accounts Payable group email (accounts.payable@canadorecollege.ca).

5.3. The following information must be provided:

- a) Recipient Name
- b) Recipient Mailing Address
- c) Recipient Social Insurance Number
- d) Date and details of services performed
- e) Amount Requested
- f) Account Code to Charge

5.4. The Request for Honorarium Payment Form must be signed by an Administrator.

5.5. The Request for Honorarium Payment Form must be password protected before sending through email as it contains recipient Social Insurance Number.

6. T4A slip: Statement of Pension, Retirement, Annuity, and Other Income

In order to meet Canada Revenue Agency requirements, the College must issue a **T4A** slip– “Statement of Pension, Retirement, Annuity, and Other Income” – to an individual when other income is paid to an individual and the total of all payments in the calendar year was more than \$500

7. Independent Contractor

In the case where an agreed-upon amount is to be paid to an individual, that individual is acting as an independent contractor whereby a contractual agreement exists and will involve invoicing, taxes, and other related factors. In this case Financial Services will be required to obtain proof of insurance and a signed Contractor Health and Safety Responsibility Agreement.

Appendix A Determination of Employment Status Form

Canadore College of Applied Arts and Technology
Determination of Employment Status Form



This document is to be contemplated and completed prior to entering into any agreement for the provision of services in order to assist with the determination of an individual's employment status with the College as this may have an impact and consequences for the individual and the College. It is important to have a full understanding of the proposed/intended arrangement in order to complete this form.

If there are questions relating to any of the points noted below please contact Human Resources and Financial Services directly.

Items to be considered in the contemplation of employment status are as follows:

| EMPLOYEE | INDEPENDENT CONTRACTOR/SELF-EMPLOYED |
|--|--|
| Worker takes direction on tasks to be performed (College has the "right" to exercise control) and training is typically provided | Worker performs duties without detailed direction; works independently using their own expertise |
| Worker is subject to elements of control with respect to results and methods used to perform tasks | The College does not control how the work is performed or have control over the tasks involved |
| Worker is hired to work based on skills, talent, and potential | Worker is retained to provide a service, regardless of who actually performs the associated tasks / duties |
| Worker performs duties under set hours and reports absences to College | Worker determines hours worked and no restrictions imposed by College |
| Worker typically works for the College only | Worker is available to work for multiple organizations at one time, the College being one |
| Works mainly on-site; employer-directed off-site | Works either on or off-site, without College requirement / direction / supervision |
| Worker is provided with work space (office etc.) which is owned/controlled by the College | Worker is not necessarily provided with work space |
| Worker typically has a College employee supervising the individual and work being completed | Worker does not work under direct supervision of a College employee |
| Worker reports regularly to supervisor as part of responsibilities | Worker reports on progress as mutually agreed upon (i.e. milestones, percentage completion of deliverable) |
| Any work-related expenses are paid for or reimbursed by the College | Worker is responsible to pay any expenses related to the deliverable |
| Individual has expectation to receive employment benefits from the College (CPP, EI, WSIB, pension etc.) | Worker has no expectation of benefits coverage from the College and has insurance and WSIB coverage in place |
| Required tools and supplies are provided by the College, which are replaced and/or repaired if required | Tools and supplies required to complete tasks and cost of repairs, insurance and maintenance, are the responsibility of the individual; retains rights over use of these assets |
| The College determines and controls the method and amount of pay | Worker determines amount and timing of pay based on other factors noted, typically in accordance with a formalized agreement and is not based on hours worked but rather final product |
| Individual does not have any financial risk (i.e. no fixed ongoing costs and expenses are reimbursed) | Worker has risk of financial loss as fixed monthly costs continue even when no work is being completed |
| Worker cannot offer efforts to general public | Worker openly offers services to other organizations |
| Worker does not provide similar services to other clients | Worker operates a business or provides similar services to other clients |
| Worker can be dismissed at College's discretion (subject to employment agreement) | Worker can be dismissed if work falls short of expectations or deliverables are not completed as agreed-upon with the College |
| Worker cannot hire helpers or assistants; must perform duties personally | Worker has control to retain helpers or assistants to complete tasks and is responsible for any related costs |
| The College determines role and responsibilities (i.e. job description) | Worker may accept or reject assignments |
| The College will seek permanent or temporary replacement if the individual is unable to perform duties during period of time | Worker may be able to accommodate fluctuating demand on time and supplement with other opportunities |
| Work to be performed is similar to duties provided under the College's collective agreement(s) | Work to be performed is not included in a collective agreement |
| | The worker is not an employee of the College in a similar field as needed in the proposed position |

NOTES:

- * These points are for consideration in an attempt to make a determination and are for guidance purposes only; ultimately Canada Revenue Agency is the deciding authority in all situations.
- * Each point above does not necessarily carry equal weight within such an assessment. For example, the presence of supervision will almost always indicate an employer-employee relationship.
- * "Intent" of the relationship does not supersede the "factual analysis".

Individual's status determined to be:

Employee

Independent Contractor/Self-employed

Reviewed and approved by Human Resources representative:

| | |
|--------------------------|------|
| Human Resources approval | Date |
|--------------------------|------|

Reviewed and approved by Financial Services representative:

| | |
|-----------------------------|------|
| Financial Services approval | Date |
|-----------------------------|------|

If determined as an Independent Contractor, please complete the following:

| | |
|------------------------------------|---------------------------------|
| Individual's Name or Business Name | Business Number (if applicable) |
|------------------------------------|---------------------------------|

APPENDIX B



REQUEST FOR HONORARIUM PAYMENT

Honorariums are generally issued to individuals who are not College employees, and honorariums are not issued to businesses. An honorarium is typically a small payment made on a special or non-routine basis as a "thank you", or to recognize the contribution of gratuitous services to the College. A purchase requisition should not be used to process honorarium requests.

An honorarium should only be issued to a College employee under special circumstances whereby the employee is performing duties outside of their normal job responsibilities. Some examples of when an honorarium may be paid to an employee are: to a volunteer coach, to a guest speaker or lecturer, to an individual conducting a workshop. Please see PC-46 Honorarium Payments Procedures-22 for more information.

Canada Revenue Agency (CRA) regulations state that all honoraria payments are considered taxable income under the Income Tax Act and subject to a T4A slip being issued at each calendar year-end.

Form section containing fields for Banner ID, Legal Name of Honoree (First, Initial, Last), Mailing Address, City, Prov, Postal Code, and Social Insurance Number. Includes a note: "Note: Payment will not be processed unless SIN is provided"

Date of Event: [text box]

Description of Honoree's participation in this event: [text box]

Has the participation for this event taken place on a reserve as defined in the Indian Act? [] Yes [] No
If "Yes" please include address here: [text box]

Form section containing fields for Amount Requested (\$) and Account Code to Charge (Fund, Org, Account, Prog)

Cheque Delivered: [] Mailed to Address Above [] Cheque to be Picked Up [] By: [text box]

Honorarium Requested By: [text box] Date [text box]

ADMINISTRATOR APPROVAL:
Name: [text box] Signature: [text box]

FINANCE OFFICE USE ONLY:
Authorized Signature: [text box]