



**PAYMENTS
TO
INDIVIDUALS**

Agenda

- 1. Why?*
- 2. What it is*
- 3. What it isn't*
- 4. Overview of Flowchart*
- 5. Process*



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WHY?

- **Old process-did NOT follow CRA rules**
- **Way too many ways to pay individuals**
- **New process will allow us to be CRA compliant**
- **CRA rules say:**



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OVERVIEW OF FLOWCHART

Canada



When to complete a T4A slip

Complete a T4A slip if you are a **payer**, such as an employer, a trustee, an estate executor (or liquidator), an administrator, or a corporate director, and you pay any of the following types of income:

- pension or superannuation;
- lump-sum payments;
- self-employed commissions;
- annuities;
- patronage allocations;
- RESP accumulated income payments;
- RESP educational assistance payments;
- **fees or other amounts for services; or**
- other income such as research grants, certain payments under a wage-loss replacement plan, death benefits, and certain benefits paid to partnerships or shareholders.

You have to complete a [T4A slip, Statement of Pension, Retirement, Annuity and Other Income](#), if you made any of the payments listed above and:

- the total of all payments in the calendar year was more than \$500; or
- you deducted tax from any payment.

For a complete list of the types of other income for which a T4A slip is required, go to [Other information](#).



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WHAT DOES IT REPLACE?

- 1. Fee for Services/Honorarium Form
- 2. Guest Lecturer/ Speaker Form
- 3. Homestay Payments
- 4. Preceptor payments



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WHAT IT IS

- **An interactive process to guide you to the right process**
- **5 step process**
 - **Was the individual a U of M employee when the work was performed?**
 - **Is the work of an employment nature?**
 - **Do they have a business #?**
 - **Is the amount for the year over or under \$5000**
 - **Is the person a Canadian resident?**

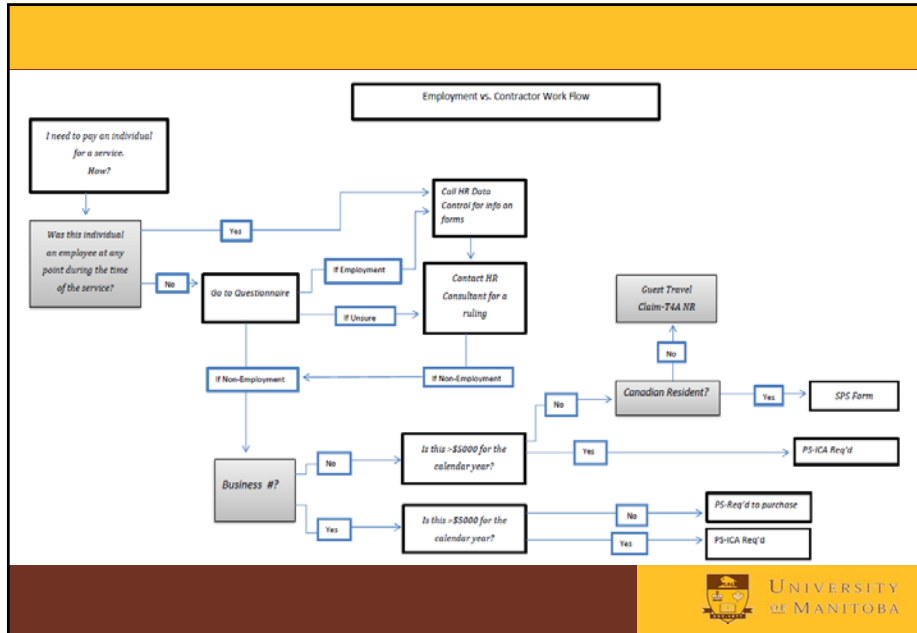


What It Isn't

- **Not for current U of M employees**
- **Not for Elders**
- **Not for Non- Residents**

- **The current process for these payments remains unchanged**





EMPLOYMENT VS NON-EMPLOYMENT

Employer/Employee OR Contractor relationship determination:

Factor 1 – Control

- 1) Does the U of M control (*whether that right is exercised or not*) how the work is to be done (*directly or indirectly*)? Yes – employment, No-contractor
 - E.g. Time, place, rate of pay, manner in which the work is to be done, etc.
- 1) If additional workers needs to be hired to complete the tasks does the U of M control the hiring (*and firing*) and/or the wage of additional workers? Yes – employment, No-contractor

Factor 2 – Risk of Profit/Loss

- 1) Does the U of M bear the risk of loss if the work takes longer (*or is more expensive*) than originally expected? Yes – employment, No-contractor
- 2) Does the U of M profit if the work takes less time (*or is less expensive*) than originally expected? Yes – employment, No-contractor
- 3) Is the U of M responsible for paying expenses related to the work being done (eg. Equipment rental, insurance, shipping, etc?) Yes – employment, No-contractor

EMPLOYMENT VS NON-EMPLOYMENT

Employer/Employee OR Contractor relationship determination: (cont.)

Factor 3 – Organization

- 1) Are the tasks being performed an integral part of the core business of the U of M (examples, teaching, research, administrative support)? KEY Yes, employment, No-contractor
- 2) Are the tasks being performed covered by a bargaining unit at the U of M (e.g. AESES, CAW, UMFA)? KEY Yes, employment, No-contractor
- 3) Does the individual provide similar services to other businesses or individuals as an independent contractor? Yes – contractor, No-employment

Factor 4 – Ownership of Tools

- 1) Does the U of M supply the equipment and tools (such as office space, photocopiers/faxes, computers, machinery, etc) required for the tasks to be completed? Yes-employment, No-contractor



OVERVIEW OF FLOWCHART

- Does this person have a business #?
 - If NO- you will be taken to a new question
 - Is it over \$5000- Yes- you will be taken to ICA form
 - No-You will be taken to next question regarding Canadian residency



OVERVIEW OF FLOWCHART

- Does this person have a business #?
 - If Yes- you will be taken to a new question
 - Is it over \$5000- Yes- you will be taken to ICA form
 - No- you will be taken to the Purchase Req (Epic or Banner)



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OVERVIEW OF FLOWCHART

- Is this Person a Canadian Resident
 - If No- you will be taken to the Guest travel Claim Form
 - If Yes- **here is where you will be taken to the new payment type.**



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