



POLICY FOR THE PAYMENT OF CONSULTING SERVICES

Effective Date: January 14, 2004 **Originating Office:** Office of the Vice-President, Finance
Supersedes/Amends Policy dated: n/a **Policy Number:** CFO-9

SCOPE

This policy applies to all members of the University and consultants engaged by the University.

PURPOSE

The purpose of this policy is to clarify the distinction that the taxation authorities make between an employee and an independent contractor and to ensure that the University complies with the relevant taxation rules.

POLICY

General

1. Any department wishing to engage the services of an individual shall ascertain whether the individual should be considered an employee of the University or an independent contractor. Professional consulting services must be acquired in accordance with the terms of CFO-21 - *Policy for the Acquisition of Professional Consulting Services*.
2. As a general rule, an employee acts under the direct control and supervision of his employer and is bound to conform to all reasonable orders given to him in the course of his work. An independent contractor is entirely independent of any control or interference and merely undertakes to produce a specified result, employing his own means to produce that result.

Other factors to consider to determine whether an individual should be considered an employee or an independent contractor include:

- Does the individual occupy a recognized position at the University?
- Does the individual occupy a University office to conduct his work and have his own University telephone line?
- Does the individual have regular working hours?
- Are services rendered by the individual exclusive to the University?
- Does the individual perform tasks that are covered by a collective agreement or any other agreement?

Affirmative answers to any of these questions will indicate that the individual is an employee of the University and not an independent contractor notwithstanding



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any agreement that may have been entered into. It should be noted that a factor NOT considered by the taxation authorities is whether or not the individual is incorporated (see HR-37 - *Payroll* for more details).

3. As a general rule, in order to be paid as an independent contractor, there must be no other employment link with the University.
4. All individuals deemed to be offering employment services to the University shall be paid via the Payroll Unit of the Department of Human Resources, in accordance with Appendix A.
5. Invoices sent to the Accounts Payable Unit of Financial Services for the payment of an independent contractor's services that are deemed to be, in fact, employment services, shall be refused by the Accounts Payable Unit and sent to the Payroll Unit for processing.

Error in Designation

6. In the case of an individual who has been paid as an independent contractor but is later deemed by the Canada Customs and Revenue Agency and Revenue Quebec to have been an employee of the University, the following will occur:
 - The individual will retroactively be assessed for un-remitted taxes (personal tax rates are usually higher than corporate tax rates) and will be refused the deduction of most work-related expenses.
 - The University will retroactively be assessed for un-remitted employer's share of government deductions such as income tax, Quebec Pension Plan and medical insurance.
 - Both the University and the individual will be charged with associated penalties and interest on un-remitted/undeclared amounts.
7. Other potential legal consequences of an error in designation include the fact that independent contractors are not covered by the provincial workers compensation scheme (CSST) as are employees of the University.



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Appendix A

Full-time or Part-time instruction of regular courses

Status of individual	Criteria	Type of payment
Employee of universities	Staff member of Concordia University	T4
	Staff member of another university and where contract is with the individual	T4
	Staff member of another university and where contract is with the other university	Invoice from the university
Any other individual whether he/she is incorporated, a partner or a personal service corporation (note 1)		T4 in the name of the individual

Non-Routine Courses, Conferences and Seminars

Status of individual	Criteria	Type of payment
Employees of the University		T4
Other individuals - not University employees	Course, conference or seminar not related to regular academic program.	T4A
Business entity (incorporated or not) or personal service corporation (note 1)	Course, conference or seminar not related to regular academic program.	Invoice from the business entity or personal service corporation
Any individual	Course or seminar related to regular academic programs (e.g. on-going needs)	T4



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Consulting and Other miscellaneous services

Individuals otherwise employed at the University		T4
Individuals, other than a Concordia University employee	where the responses to the questions appearing on the policy do not indicate an employee/employer relationship.	T4A
A business or personal service corporation (note 1)	where the responses to the questions appearing on the policy do not indicate an employee/employer relationship.	Invoice
Individuals, business or personal service corporation (note 1)	where the responses to the questions appearing on the policy indicate an employee/employer relationship.	T4 in the name of the individual

Note 1: Services rendered by a business or personal service corporation owned or operated by Concordia University employees will be considered as having been rendered by the employee personally.