

LL 247327

**Payment of Fees for Services, Honorariums,
Scholarships/Awards**

General

Payments made by the Division to individuals providing services for which the Division is NOT in the business of providing are subject to applicable Canada Revenue Agency (CRA) rules and regulations. (www.cra.gc.ca)

PART 1: Payments to Residents of Canada

The Division will issue a T4A to individuals (residents of Canada) when the total of all payments made to the individual in a calendar year exceeds the \$500 reporting threshold, as established by CRA.

a. Payments to Individuals Not Employed by the Division

- Individuals requesting payment for services performed must be paid through the Accounts Payable Department;
- Request for payment must be coded to object code 519;
- School must obtain payee's full legal name, home address and social insurance number prior to payment. This information must accompany the request for payment;
- Payments for "Fees for Service" made by the division will be subject to any and all current regulations governing these payments, as stipulated by CRA;
- Issue of cheques to an individual with the intention of distributing cash to one or multiple recipients for services provided to the Division is prohibited.

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b. Payments to Individuals Employed by the Division

Prior approval must be obtained from the Superintendent/CEO's Department for all contract/other work provided by Division employees

- Any payment to an employee of the Division for duties performed for contract work or other services outside the scope of the current employment agreement with the individual must be paid via timesheet submitted to the Division Payroll Department;

These earnings will be included in the employee's total annual earnings, subject to applicable source deductions and included on the annual T4;

- Timesheets should be coded using object code 366, which has been set-up specifically for tracking employee "fees for services". Applicable program and sub-program codes specific to the service provided may be used;
- Examples of services provided by Individuals that are covered by this regulation include but are not limited to the following:
 - Honorariums
 - Exam Marking, Exam Invigilation, etc
 - Referees, Timekeepers, Scorekeepers, Coaching
 - Instructors, Lecturers, Speakers, Tutors, Translators
 - Accompanist, Sound Technicians, Stage Assistants,
 - DJ Services
 - Performers, Workshop Facilitators

c. Payments to Students

Schools do not have the authority to hire employees and as such students should NOT receive payment for services that Division staff would normally perform, such as labor for registering students, answering phones, taking inventory, setting up lockers, moving furniture, etc.

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- Payments to students for greater than or equal to \$100.00 must be made through Accounts Payable;
- The School Administrative Assistant must record and maintain all student “Fees for Service” payments made through the *SchoolCash* accounting system on a spreadsheet for the calendar year and submit to the Finance department in January for reporting purposes.;
- The school is responsible for obtaining the social insurance number and the current mailing address of students;
- The issuance of cheques to an individual for distribution in the form of cash to students is prohibited;
- Examples of services provided by Students covered by this regulation include but are not limited to the following:
 - Sound Technicians/Stage Assistants
 - DJ Services
 - Referees, Timekeepers, Scorekeepers
 - Babysitting

School Awards – All payments made from the SchoolCash accounting system for school awards must be maintained on a spreadsheet and forwarded to the Board Office annually.

PART 2: Payments to Non-Residents of Canada

Non-residents who perform services in Canada are subject to withholding tax regulations as stipulated by CRA and will be issued a T4A-NR by the Division accordingly.

- Any payment for services provided to the Division made to an individual who is not a resident of Canada must be made through the Accounts Payable Department;
- A formal contract/agreement must be obtained with the service provider that clearly states the service(s) to be provided and the dollar amount to

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be paid. Additional costs (travel, accommodation, miscellaneous expenses) should be documented separately;

- Reimbursement of travel expenses, accommodation and miscellaneous expenses are not subject to withholding tax, however per diems without receipts are;
- School/Coordinator must obtain the payee’s full legal name, home address and social insurance number (or equivalent) prior to payment. This information must accompany the accounts payable request;
- Withholding tax in the amount of 15% of the gross amount paid will be deducted from the service portion of the contract and a T4A-NR will be issued by the Division to the individual;
- The only alternative to requirements of this regulation is for the non-resident to obtain written notification from CRA in the form of a waiver indicating a reduction or waiver of taxes required to be withheld. It is the responsibility of the non-resident service provider to obtain and submit said waiver to the Division before services are performed. Request for waiver can be made through CRA and should normally be filed 30 days before services are to begin.

Note (PART 1 & 2):

1. *Although the Division strongly discourages the use of Gift Cards, Gift Certificates, Prizes and other Non-Cash awards, should this form of remuneration be given, the value of said award would be subject to the same treatment as outlined for cash payments above. CRA deems these forms of payments to be “near cash/cash equivalents” and as such, the Division is obligated to calculate the value of the remuneration paid and adhere to all current regulations governing said payments.*
2. *Should the regulations stipulated by CRA pertaining to the situations as outlined above conflict with the information provided in this regulation, the former will apply*

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