



# MEMO

## Financial Services

June 13, 2012

TO: Deans, Executive Directors, and Financial Officers

FROM: Kim Ordway, Associate Executive Director, Financial Services

AUTHORIZATION: Nancy Walker, VP Finance and Administration  
Andrew Hakin, VP Academic and Provost

**RE: Employee Classification for Positions under an Agreement or Handbook**

**Background:** When hiring an individual (an employee) or their company (independent contractor) to a term position, Departments and Faculties are currently inconsistent in determining the classification between employment income versus independent contractor. This guideline allows the University to manage the risk associated with this issue, and to comply with (i) union and association agreements, and (ii) with tax legislation to safeguard against associated penalties and interest.

**Guideline:** This guideline is implemented as an addendum to the Employee vs. Contractor checklist utilized by Financial Services.

When the term position under consideration is within a current Union/Association Agreement or employee manual, Faculties and Departments must hire the individual to receive employment income and not their company, whether it is incorporated or not UNLESS the individual provides the University with a Canada Revenue Agency (CRA) ruling stating a payment made to them personally in our specific term position would not result in employment income. The CRA ruling will be honoured until such time as the position ends or duties and responsibilities have substantively changed.

Government deductions such as EI, CPP and income tax will be deducted, as well as any dues required under the Agreement or Handbook in addition to any benefit deductions as stipulated in the Union/Association agreements or manuals.

The only exception to this rule will result when a University department or unit provides sufficient evidence showing the service requirements result in an independent contract where the University does not control who performs the work or how the work is performed.

**Procedure:** **Individuals**->employees – complete PAF and forward to Payroll for payment  
**Companies**->Independent contracts – complete online Materials Management requisition, attach a copy of the CRA ruling and contract.

**Effective:** This guideline is effective for all appointments signed after June 13, 2012.

**Resource:** For more information on this or other Tax topics, please reference:  
[Employee vs. Contractor Checklist](#)  
[Tax Guide for Paying Canadians](#)  
[Tax Guide for Paying Non-Canadians](#)  
[Letter – Employment Classification Guideline template for prospective hires](#)  
[Letter – Employment Classification Guideline \(for Financial Officers\)](#)  
Kim Ordway – 403-329-2107- [kim.ordway@uleth.ca](mailto:kim.ordway@uleth.ca)