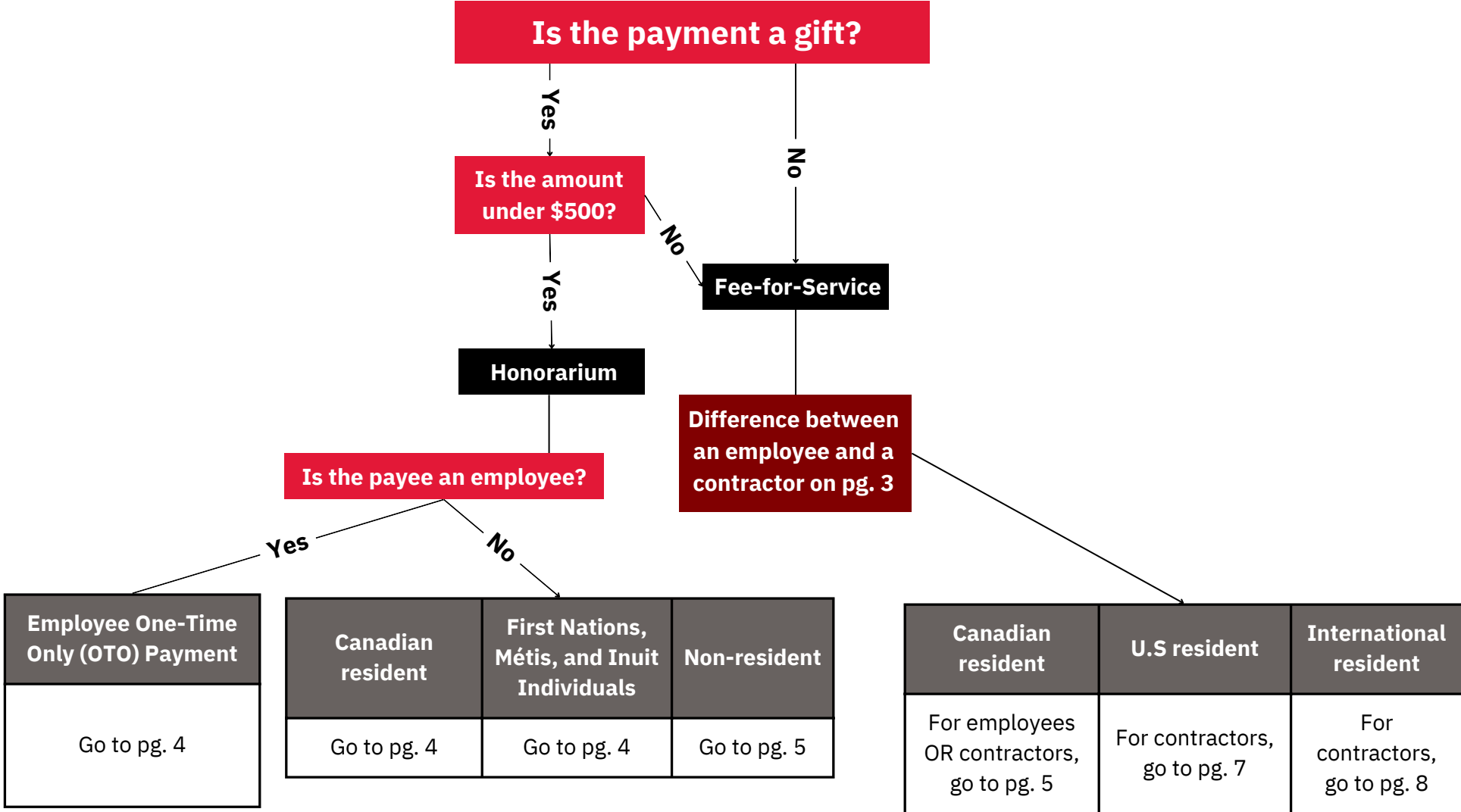


Honorarium vs. Fee-for-Service



NOTE: Please contact USC-Payroll at hrhelp@yorku.ca if you have any questions.

Honorarium vs. Fee-for-Service

Honorarium

An honorarium is a gift of an object or a small sum of money, normally **\$500 or less** annually, in thanks for a favor done. Honorariums are not meant to be used frequently or as a mechanism to deliver a service, particularly on an ongoing basis. In general, honorarium payments are issued to show appreciation.

Payroll processes honorariums paid to individuals classified as having employee OR non-employee status. Once the required forms are fully completed for an honorarium, send all documents to hrhelp@yorku.ca.

Employee Status

Payment to an employee is treated as employment income and will be subject to all statutory deductions and reported on a T4.

Non-employee Status

Payments of \$500 or less to individuals who are classified as a non-employee are not subjected to statutory source deductions and are reported on a T4A. The individual's SIN number and Date of Birth are required to report the payment on a T4A. If the single amount and/or combined amounts being paid in the calendar year is over \$500, it will be taxed.

Fee-for-Service

A fee-for-service is an agreed price charged for a specific service rendered.

Before taking any steps toward paying an individual for services, it is necessary to first determine if the person is to be considered an **employee** (to be paid via **Payroll**) or a **contractor** (to be paid via **Accounts Payable**).

Please review the [Employee vs Independent Contractor Guideline](#) for details and examples.

Honorarium vs. Fee-for-Service

| Employee at York University | Contractor at York University |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>A person is considered an employee of York University if:</p> <ul style="list-style-type: none"> • they are performing work that York employees already perform; • University management exercises control over what is to be done, how, when and for what remuneration; • the University supplies the equipment required to complete the work and covers the costs related to their use, repairs, insurance, rental, and operations; • the University alone assumes the risk of loss and covers operating expenses; <ul style="list-style-type: none"> ◦ The individual does not face financial risk and is entitled to full salary regardless of the financial health of the business. The income of the employee does not depend on the results achieved at the end of the contract. • the individual integrates their activities into the University's activities. | <p>A person is considered a contractor if:</p> <ul style="list-style-type: none"> • they have autonomy to determine how, when and for what cost the services are to be offered and provided; • they supply their own equipment and supplies; • they assume risk of some or all the loss and cover operating expenses. • their income is dependent upon results being achieved at the end of the contract; or • they integrate the University's work into their commercial activities. |

It is important to note the following:

- CRA has the power to make an income tax reassessment in respect of a payment to an individual which it considers to be employment income. Therefore, the assumption will be that a service provider is an employee first until proven to be an Independent Contractor.
- Current operating practices/controls prohibit Accounts Payable from paying contractors who have been listed as an active employee in York within the last six months.
- If the Independent Contractor is an unincorporated business, they will not be automatically given Independent Contracts status unless they meet the Independent Contractor criteria and an [Independent Contractor Questionnaire](#) (ICQ) is completed.

The final determination as to whether an individual should be paid from Payroll or Accounts Payable is the responsibility of the Manager, General Accounting in collaboration with the Assistant Director, Payroll & Records.

Honorarium vs. Fee-for-Service

Honorariums to Employees

Employee One-Time Only (OTO) Payment

For OTO payments to employees, complete the applicable standard Employee Transaction Form (ETF) form, which is available in [Manager Resources/Forms & Documents in YU Link](#).

NOTE: Research Assistants must be paid with research funds and cannot be paid through a [fund 200 cost centre](#). Work/Study, CPM, and Professional & Technical staff can be paid through a fund 200 cost centre.

Honorariums to Non-employees

NOTE: Once the honorarium payment is paid to the individual, the individual will be considered an active employee at York for six months.

Canadian Resident

Honorarium payments of \$500 or less for Canadian residents who are not employees are to be paid via Payroll on an [Honorarium Payment Form for Non-York Employees](#).

First Nations, Métis, and Inuit Individuals

Honorarium payments of \$500 or less for First Nations, Métis, and Inuit individuals who are not employees on any community-based research, are to be paid via Payroll on the [Community Honorarium Form](#).

Honorarium vs. Fee-for-Service

Non-resident

Honorarium payments of \$500 or less for a non-residents who are not employees are made by cheque or wire/draft. Withholding taxes will apply on all services provided in Canada unless a tax waiver is obtained in advance.

- U.S. Resident: Complete a [Non-Resident Payment form](#) along with a [Payment Requisition form](#)
- All Other Countries: Complete a [Non-Resident Payment form](#) along with a [Wire Draft to Foreign Countries form](#)

Fee-for-Service Payment to Employees

Canadian Resident

If an individual is providing a service that employees at York are providing, these should always be paid via Payroll on an ETF. Send documents to hrhelp@yorku.ca. See the ["How and When you Get Paid"](#) for more information.

Fee-for-Service Payment to Contractors

Canadian Resident

If an individual is providing a service not provided by employees at York and does not want to be paid via Payroll, the following steps should be followed:

Honorarium vs. Fee-for-Service

1. **Before the individual starts work**, the supervisor and the independent contractor should complete and sign the [Independent Contractor Questionnaire](#) and submit it to vendorinvoices@yorku.ca for evaluation. If a person has been a York employee within six months of providing the service, they must be paid via Payroll on an ETF.
 - **Some services are exempt from having to complete the ICQ process:**
 - Photographers
 - Videographers
 - Website designers
 - Guest speakers/Facilitators used periodically up to a few days at a time
 - Artists that provide artwork/install artwork – if they provide services an ICQ is required
2. Once reviewed, you will be informed if the person is approved to be paid as an independent contractor or if they are to be paid via Payroll on an ETF.
 - **If not approved** to be paid as an independent contractor, you will be provided with details.
 - **If approved** as an independent contractor, you will receive the ICQ approval summary.
3. **If approved**, the individual will have to send an invoice addressed to York University with the name of the person in the department who will be reviewing the invoice (i.e., follow the new [non-PO invoicing process](#), the coordinator's name should be on the invoice). Remind contractors to number their invoices; this reduces the risk of duplicate payments. See the [Guides on Paying External Vendors](#) and the [non-PO invoicing instructions](#)
4. The invoice will be processed in Sm@rtBuy and will route to the person whose name is on the invoice. This person is to review the invoice, enter the account, fund and cost centre and attach the ICQ approval that was sent.
5. Once the account, fund and cost centre distribution are entered, the invoice will be routed to the cost centre approver.
6. Once the approver approves the invoices, they will come back to Accounts Payable to review and approve for payment.

Honorarium vs. Fee-for-Service

Fee-for-Service Payment to Contractors

U.S. Resident

1. Complete the [Non-resident Payment form](#).
2. Complete the [Payment Requisition form](#).
3. While not required, individuals may provide an invoice. Please ensure invoices include an invoice number.
4. Submit the above documents to hrhelp@yorku.ca.
5. Payroll will review the forms and if the individual came to Canada to provide the service, they are required to withhold (deduct from total) 15 per cent taxes and remit to Canada Revenue Agency.
6. Payroll will then send the documents to Accounts Payable to pay. If 15 per cent taxes were withheld, Payroll will advise Accounts Payable to pay net of the taxes.
7. If the individual has never been paid before or if an update to the vendor's information is required, Procurement Operations will create/update the vendor record.
8. Once created/updated, Accounts Payable will pay via cheque. Note that this is currently the only option available for payment.

Honorarium vs. Fee-for-Service

Fee-for-Service Payment to Contractors

International Resident

1. Complete the [Non-resident Payment form](#).
 2. Complete the [Wire/Draft to Foreign Countries form](#). It is recommended that the individual confirm with their bank that the correct banking information is being provided, and that their bank account can receive wire payments, to avoid payments from being rejected.
 3. While not required, individuals may provide an invoice. Please ensure invoices include an invoice number.
 4. Submit the above documents to hrhelp@yorku.ca.
 5. Payroll will review the forms and if the individual came to Canada to provide the service, they are required to with-hold (deduct from total) 15 per cent taxes and remit to Canada Revenue Agency.
 6. Payroll will then send the documents to Accounts Payable to pay. If 15 per cent taxes were withheld, Payroll will advise Accounts Payable to pay net of the taxes.
 7. If an individual has never been paid before or if an update to the vendor's information is required, Accounts Payable will submit a request to Western Union to create or update.
 8. Once created/updated, Accounts Payable will pay via wire through Western Union.
- Note: If a wire payment can be made using the "Automated Clearing House" method (mostly European Union countries), there are no fees applied. If the EFT method must be used, there will be a \$15 or \$25 service fee charged to your cost centre. The individual may also be charged fees by their bank.