

A presentation by
Queen's University
Financial Services

Alternative formats for this presentation can be found on the Financial Services website.

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Financial Services

Taxable vs. Non-Taxable Payments

Choosing the Correct Payment Process

Choosing the Correct Payment Process



Taxable income can be a complex subject.

This module will provide **guidance** and **resources** that can help eliminate much of the guess work.

Know who to ask when you have a question.

Overview



- [Awards – Academic & Non-Academic](#)
- [Gifts & Awards to Employees](#)
- [Honorariums, Speaker Fees, Visiting Lecturer Fees](#)
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Awards (Academic & Non-Academic)



Awards include Bursaries, Scholarships, Fellowships, and Prizes.

The office responsible for processing award payments will depend on how the award is classified.

The classification of the award and the award's recipient will determine if the payment is considered taxable income.

To learn more about the payment process and the issuance of applicable tax slips in each case, use this table to know who to contact for guidance.

Award Classification	Contact (Website or Email)
Registered Academic Undergraduate Award	Student Awards
Registered Academic Graduate Award	School of Graduate Studies
Non-Registered Academic or Non-Academic Award	Payroll Services (Financial Services)

Gifts & Awards to Employees



A Gift has to be for a special occasion such as a religious holiday, a wedding, or the birth of a child.

An Award has to be for an employment-related accomplishment, such as an outstanding service award, not recognition of job performance.

Cash includes currency, cheques, and direct deposits.

A Near Cash item is one that functions as cash or an item that can be easily converted to cash, such as a gift card.

A Non Cash item is one where there is no element of choice, such as tickets to an event on a specific date and time.

Gifts & Awards to Employees Paid from Queen's Funds



A Gift to an employee is always taxable.

An Award to an employee has to be for an employment-related accomplishment such as outstanding service, employees' suggestions, or meeting or exceeding safety standards. It is recognition of an employee's overall contribution to the workplace, not recognition of job performance.

Generally, a valid, **non-taxable** award is a non cash item and has clearly defined criteria, a nomination and evaluation process, and a limited number of recipients.

It is the department's responsibility to contact Payroll Services and ensure that taxable gifts and awards are included on an employee's T4. For details, contact payroll.services@queensu.ca

Honorarium, Speaker Fee, Visiting Lecturer Fee



Honorarium:

A non-solicited payment for services for which no fee is set or legally attainable.

Speaker Fee:

An honorarium paid to a speaker, facilitator or performer, on a one-time, short-term basis.

Visiting Lecturer Fee:

A payment for services provided by an external party; one who has been solicited to give a lecture.

Honorarium, Speaker Fee, Visiting Lecturer Fee (Cont'd)



How to process payment:

Payee	Form	Supporting Documents / Info	Account	Tax Slip
Queen's Employee	Payroll – Additional/ One-Time Payment Request and forward to Financial Services Payroll Services	<ul style="list-style-type: none"> Complete all fields on form 	590002	T4
External to Queen's <u>and</u> Resident of Canada	Cheque Requisition and forward to Financial Services Accounts Payable	HST Registered: <ul style="list-style-type: none"> Original invoice HST # Proprietor's name if not evident Not HST Registered: <ul style="list-style-type: none"> Original invoice SIN # Home address Incorporated: <ul style="list-style-type: none"> Original invoice 	641008	T4A
			641008	T4A
			641008	N/A
External to Queen's <u>and</u> Non-Resident of Canada <u>and</u> Services provided in Canada *	Cheque Requisition and forward to Financial Services Accounts Payable	HST Registered: <ul style="list-style-type: none"> Original invoice HST # Proprietor's name if not evident Not HST Registered: <ul style="list-style-type: none"> Original invoice (if fee payment) SSN # (or Foreign Equivalent) Home address Bank info if Wire TSF Incorporated: <ul style="list-style-type: none"> Original invoice Bank info if Wire TSF 	641008	T4ANR
			641008	T4ANR
			641008	N/A

* If payment is > \$1,000 (>= \$1,000.01) a 15% withholding tax will apply.

Service Providers



Consulting Service Provider (CSP):

Consultant means a person or entity that under an agreement, other than an employment agreement, provides expert or strategic advice and related services for consideration and decision-making.

Consulting Services means the provision of expertise or strategic advice that is presented for consideration and decision-making. All consulting services must be vetted via [Strategic Procurement Services](#).

Non-Consulting Service Provider (NCSP):

An individual/company who contracts to provide services, other than consulting services to another individual or business. Examples may include 'consultants' such as property brokers, head hunters, trainers or a temporary agency who is backfilling for an employee on a short-term basis.

Employee:

An individual who is on payroll, with deductions made at source. An individual may be hired on a full or part time, temporary or permanent basis. The organization reserves the right of direction and control over the employee's actions, has the power to dismiss the individual and provides the tools and equipment for the job.

Professional Services



Professional Services

Fee for services provided by university trained professionals such as doctors, lawyers, accountants, consultants, and others.

Professional Services (Non-Clinical):

Payments include Audit Fees, Consulting Fees, Creative Artists, Faculty Corporation Fees, Facilitators/Coach Fees, Investment Services, Legal Fees, Medical Services, Network Consultants Fees, Speaker Fees and other Professional Fees.

Professional Services **Faculty of Health Sciences (Clinical):**

Payments include income earned for GFT Clinical Fees, GFT Faculty Corporation Fees, GFT Shadow Billing, Non-GFT Clinical Adjunct/Locum, and Clinical Preceptors.

Professional Services (Non-Clinical)



How to process payment:

Payee	<u>Form</u>	Supporting Documents/Info	<u>Account</u>	Tax Slip
Non-Clinical (Non-Employee) Non-Incorporated	Cheque Requisition and forward to Financial Services Accounts Payable	HST Registered: <ul style="list-style-type: none">▪ Original invoice▪ HST #▪ Proprietor's name if not evident ex: John Smith Co. Vs. ABC Co. Not HST Registered: <ul style="list-style-type: none">▪ Original invoice▪ SIN #▪ Home address	6250XX	T4A
Non-Clinical (Non-Employee) Incorporated	Cheque Requisition and forward to Financial Services Accounts Payable	<ul style="list-style-type: none">▪ Original invoice▪ HST # (if applicable)	6250XX	N/A

Professional Services

Faculty of Health Sciences (Clinical)



How to process payment:

Payee	<u>Form</u> or System	Supporting Documents/Info	<u>Account</u>	Tax Slip
Clinical (Employee) Non-Incorporated	HR PeopleSoft System	<ul style="list-style-type: none"> Appointment Data Sheet required Complete all system fields 	6256XX	T4A
Clinical (Employee) Incorporated	Cheque Requisition and forward to Financial Services Accounts Payable	<ul style="list-style-type: none"> Spreadsheet template listing monthly payments for Professional Doctors income and the Appointment Data Sheet to support Spreadsheet remains on file in department and in HR. 	6256XX	N/A
Clinical (Non-Employee) Non-Incorporated	Cheque Requisition and forward to Financial Services Accounts Payable	<p>Non-Incorporated:</p> <ul style="list-style-type: none"> Original invoice SIN # Home Address 	6256XX	T4A
Clinical (Non-Employee) Incorporated	Cheque Requisition and forward to Financial Services Accounts Payable	<p>Incorporated:</p> <ul style="list-style-type: none"> Original invoice 	6256XX	N/A

Note: For assistance with completing spreadsheet templates and providing correct ChartFields including the Account ID (and Class ID, if applicable), contact the [Faculty of Health Sciences Business Office](#).

Research Study Participants



Research Study Participant:

One who takes part in a research study.

Before paying a Research Study Participant:

Review the '[Payments to Research Study Participants](#)' procedural document located on the [University Secretariat and Legal Counsel](#) website, Policies page.

How to process payment:

Payments can be made in one of three ways. The procedural document defines all 3 options and the required process to follow in each case. Clear instructions are provided with regards to required forms, documentation and the issuance of the appropriate tax slip where applicable.

For additional assistance contact: research.accounting@queensu.ca

Additional Resources



Canada Revenue Agency

www.cra-arc.gc.ca

Financial Services – Payroll Services

payroll.services@queensu.ca

How may we help you today?



Contact us:

Tel: 613-533-2050

Fax: 613-533-6433

Email: finance@queensu.ca

Website: [Financial Services](#)

Location: Financial Services
207 Stuart Street,
3rd Floor, Rideau Building

Hours: Monday – Friday
Open 8:00 am – 4:00 pm



To learn more or to review additional

Training Resources

and Video Tutorials

visit the [Financial Services Training](#) page