

Professional Fees Paid to Self-Employed Workers

Internal procedure for faculties and services

A) Introduction

The procedure outlined in this document is designed to help faculties and services process payment of professional fees for self-employed workers. This procedure must be followed together with the following University policies.

- Policy 21 – Travel Expenses
- Policy 36 – Supply of Goods and Services
- Policy 60 – Hospitality, Receptions, Business Lunches and Expenditures Chargeable to University Accounts
- Policy 75 – Purchasing Cards
- Policy 98 – Ethical Purchasing

Any amount paid or reimbursed must serve a legitimate purpose and the interests of the University or research projects and not those of individuals. For research projects, the procedures laid out in this document must be followed in conjunction with the policies and procedures of any funding agencies or the terms of any existing contracts.

B) Roles of faculties and services

A faculty or service that has approved a request is also responsible for reviewing all invoices and reimbursements and must have all the required information before processing a request for payment or reimbursement.

The [Employment status questionnaire](#) must be completed in order to determine a person's employment status. If the person is a self-employed worker, the request for payment or reimbursement must be processed in *Banner - Accounts Payable* module. Requests will be audited randomly by Payroll services to confirm whether questionnaires have been completed.

The person's social insurance number (SIN) must be requested. However, if the person refuses to provide it, be sure to note this in the file along with any proof in case the Canadian Revenue Agency conducts an audit.

T4A slips are issued for amounts paid in Canadian dollars to Canadian self-employed workers. The amount indicated on the T4A slip is indicative of the amounts paid during the calendar year and is not based on the date of the invoice or the date the service was rendered.

Requests for non-residents (vendors from the United States or elsewhere outside Canada) are processed by Payroll services when the work is completed in Canada. Non-residents are issued T4A-NR slips.

C) Vendor invoices

Vendors must submit an invoice with the following information:

- invoice date;
- invoice number;
- payee name;
- remittance address;
- description of services rendered;
- amount before taxes (if the person is registered for GST/HST);
- applicable taxes (if the person is registered for GST/HST);
- total amount to be paid;
- GST/HST number (if the person is registered for GST/HST).

D) Creation or modification of a vendor file

To request the creation or modification of a vendor file, the *Request to create or modify a vendor* form must be completed. The Social Insurance Number is personal information. If the completed form contains a SIN, you must send the form to Accounting services. If a SIN does not appear on the form, you can fax the form to extension 5886 or email it to comptab@uOttawa.ca . Only self-employed workers are required to provide a SIN.

The SIN is entered in *BANNER* when the vendor file is created or modified. However, for privacy reasons, only a generic SIN (000000000) appears in the *Banner FAAINVE* form (instead of the actual SIN).

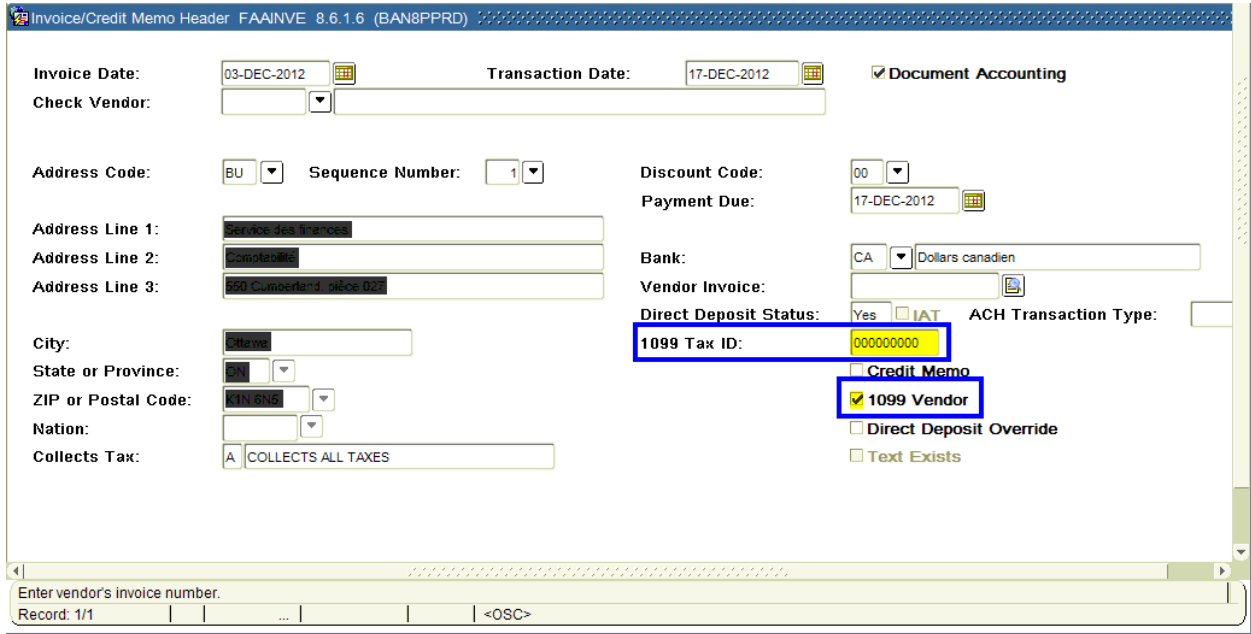
T4A slips must be issued for payments of professional fees and services. For a T4A to be issued, the generic SIN must be indicated in the **1099 Tax ID** field of the *Banner FAAINVE* form and the expense account must be 718xx (Professional fees).

E) Steps for entering and approving requests for payment or reimbursement in Banner

Requests for which the Banner vendor file has the required information for the production of the T4A slip

Enter the invoice information as you usually do in the *FAAINVE Banner* form. The generic SIN (000000000) appears automatically in the **1099 Tax ID** field and the **1099 Vendor** field will automatically be ticked off.

Enter a 718xx (Professional fees) expense account in the **Accounting** block. The *Professional Services* code (PR) appears in the **Income Type** field. You can now complete the form.

Header block – FAAINVE Banner form


Invoice/Credit Memo Header: FAAINVE 8.6.1.6 (BAN8PPRD)

Invoice Date: 03-DEC-2012 Transaction Date: 17-DEC-2012 Document Accounting

Check Vendor: []

Address Code: BU Sequence Number: 1 Discount Code: 00 Payment Due: 17-DEC-2012

Address Line 1: Service des finances
 Address Line 2: Comptable
 Address Line 3: 550 Chausseport place de la

City: Ottawa Bank: CA Dollars canadien

State or Province: ON Vendor Invoice: []

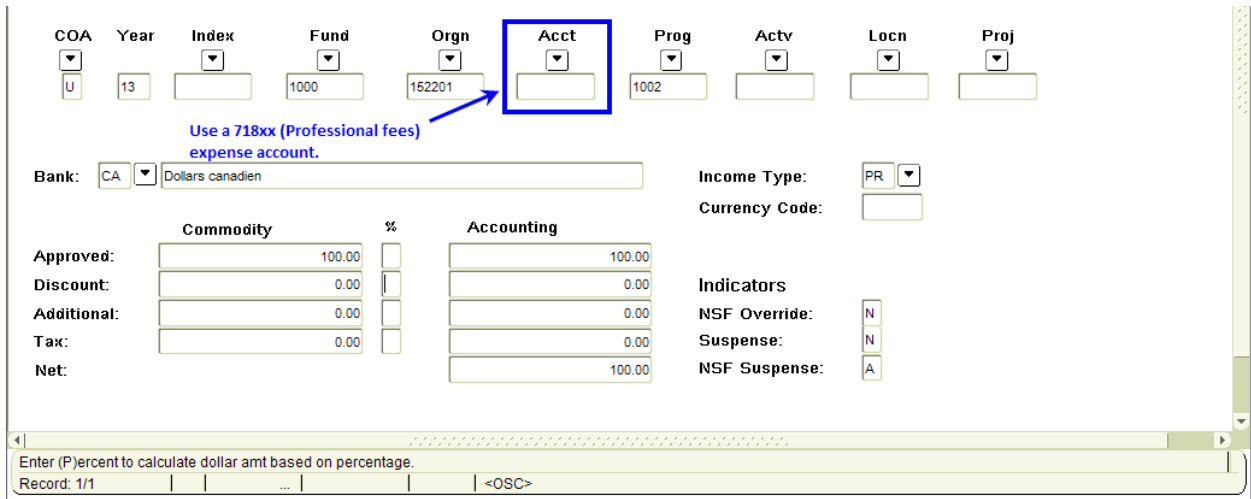
ZIP or Postal Code: K1N 6N6 Direct Deposit Status: Yes IAT ACH Transaction Type: []

Nation: [] 1099 Tax ID: 000000000

Collects Tax: A COLLECTS ALL TAXES 1099 Vendor

Credit Memo
 Direct Deposit Override
 Text Exists

Enter vendor's invoice number.
 Record: 1/1 ... <-OSC>

Accounting block – FAAINVE Banner form


COA Year Index Fund Orgn Acct Prog Actv Locn Proj

[U] 13 [] 1000 152201 [] 1002 [] [] []

Use a 718xx (Professional fees) expense account.

Bank: CA Dollars canadien Income Type: PR

Currency Code: []

	Commodity	%	Accounting
Approved:	[]	100.00	[] 100.00
Discount:	[]	0.00	[] 0.00
Additional:	[]	0.00	[] 0.00
Tax:	[]	0.00	[] 0.00
Net:	[]		[] 100.00

Indicators: NSF Override: N Suspense: N NSF Suspense: A

Enter (P)ercent to calculate dollar amt based on percentage.
 Record: 1/1 ... <-OSC>

Requests for which the Banner vendor file does not have the required information for the production of the T4A slip

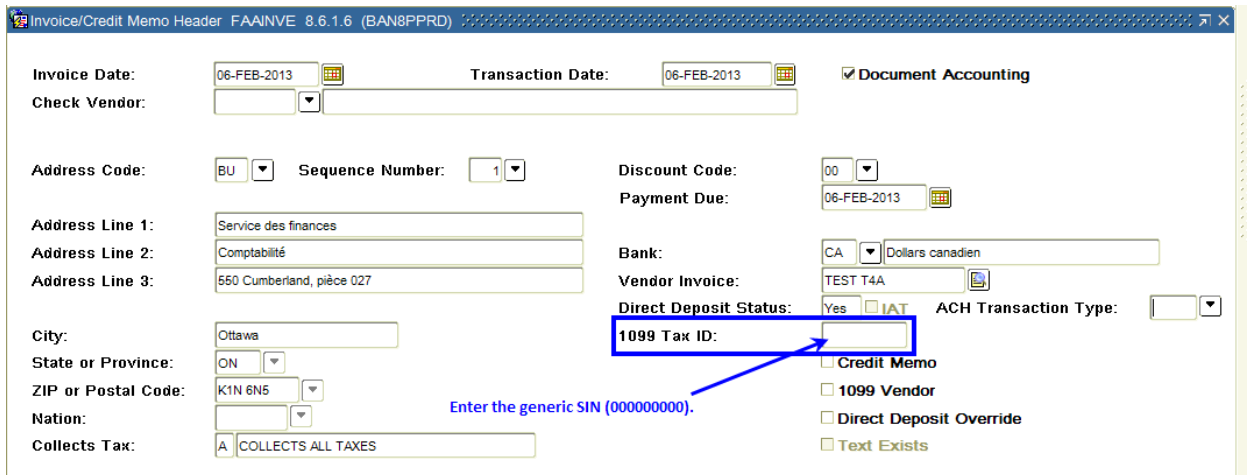
When a vendor file does not have the required information for the production of the T4A slip, the generic SIN (000000000) will not be indicated in the **1099 Tax ID** field. If the vendor is a self-employed worker, you must ask the vendor to provide their SIN that you will then forward Accounting services. If the vendor refuses to provide their SIN, send an email to this effect to

Accounting services so the generic SIN is added to the vendor's file. The file will be modified to identify that the vendor is a self-employed worker.

University employees

Under special circumstances, an employee of the University can submit an invoice for services rendered. In this case, the faculty or service must add the information required in the *Banner FAAINVE* form so a T4A slip can be issued.

Enter the invoice information as you usually do. Enter the generic SIN (000000000) in the **1099 Tax ID** field.



Invoice/Credit Memo Header FAAINVE 8.6.1.6 (BAN8PPRD)

Invoice Date: 06-FEB-2013 Transaction Date: 06-FEB-2013 Document Accounting

Check Vendor:

Address Code: BU Sequence Number: 1 Discount Code: 00

Address Line 1: Service des finances Payment Due: 06-FEB-2013

Address Line 2: Comptabilité Bank: CA Dollars canadien

Address Line 3: 550 Cumberland, pièce 027 Vendor Invoice: TEST T4A

City: Ottawa Direct Deposit Status: Yes IAT ACH Transaction Type:

State or Province: ON 1099 Tax ID: Credit Memo

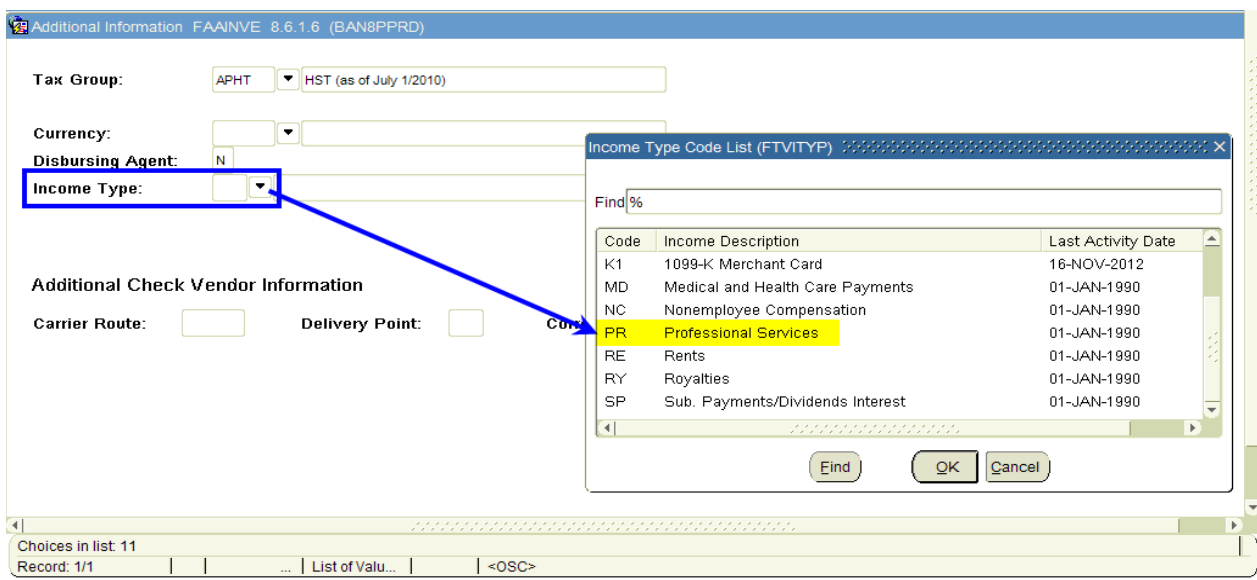
ZIP or Postal Code: K1N 6N5 1099 Vendor

Nation: Direct Deposit Override

Collects Tax: A COLLECTS ALL TAXES Text Exists

Enter the generic SIN (000000000).

When you click on **Next Block**, the window below will open. Enter **PR** code in the **Income Type** field or select it from the dropdown list, then click on **OK** and click on **Close** to close the window. Enter a 718xx (Professional fees) expense account and complete the form as you usually would.



Additional Information FAAINVE 8.6.1.6 (BAN8PPRD)

Tax Group: APHT HST (as of July 1/2010)

Currency:

Disbursing Agent: N

Income Type:

Additional Check Vendor Information

Carrier Route: Delivery Point:

Income Type Code List (FTVITYP)

Code	Income Description	Last Activity Date
K1	1099-K Merchant Card	16-NOV-2012
MD	Medical and Health Care Payments	01-JAN-1990
NC	Nonemployee Compensation	01-JAN-1990
PR	Professional Services	01-JAN-1990
RE	Rents	01-JAN-1990
RY	Royalties	01-JAN-1990
SP	Sub. Payments/Dividends Interest	01-JAN-1990

Choices in list: 11
Record: 1/1

Approval

Before approving the request in *Banner*, the approver must check that the information below that was entered in the system matches the information on the invoice:

- payee name;
- remittance address;
- invoice date;
- invoice number;
- total amount of the invoice.

For payment of professional fees to a self-employed worker, the approver must also make sure the *Banner* document contains the following information: the code **PR** in the ***Income Type*** field, the generic SIN (000000000) and a 718xx (Professional fees) expense account.

F) Auditing

Compliance to this procedure is subject to internal and external audits.