

GRANT MACEWAN UNIVERSITY

POLICY MANUAL

Worker Status Determination – Determination of a Worker's Status

D1060-1

Office of Administrative Responsibility: associate vice-president, Human Resources

1. **Purpose**

The following information is provided to assist faculties, schools, and business units of MacEwan University to assess and determine the relationship between a Worker and MacEwan University when the Worker is being engaged by MacEwan University to provide specific services. The assessment will be carried out in accordance with Canada Revenue Agency guidelines, in compliance with the *Employment Insurance Act*, *Income Tax Act*, and the Canada Pension Plan.

Canada Revenue Agency has issued RC4110 – Employee or Self-Employed to provide guidance in how to determine a worker's employment status. Based on this guidance and the administrative practices common to post-secondary institutions, an individual is considered an Employee by the level of:

- 1.1 **Control and Integration:** the degree or absence of control exercised by MacEwan University on how, when, and/or where the work is done. The more control, the more likely it is to be an employment relationship.
- 1.2 **Ownership of tools:** the tools necessary to perform work are typically provided to an Employee; an Independent Contractor will usually supply their own tools. Tools may include computers and cell phones for consultants, trade specific tools for trade service providers e.g., carpenters, electricians, etc., or such other devices as may be required to deliver the services being provided.
- 1.3 **Opportunity for profit:** if the opportunity for profit does not change in relation to the work performed by the individual, this likely indicates an employment relationship.
- 1.4 **Risk of loss:** if the individual bears no risk and will be paid regardless of the work they complete in a certain period, this is likely an employment relationship. If the individual has a high degree of financial risk and will not receive payment unless certain work is complete, this more likely indicates an Independent Contractor relationship.

2. **Consequences of Incorrectly Determining the Employment Relationship**

If a Worker is an Employee, MacEwan University is responsible for deducting Canada Pension Plan (CPP) contributions, Employment Insurance (EI) premiums, and income tax from remuneration and other amounts paid to the Employee. The University is required to remit these deductions, along with the employer's share of CPP contribution and EI premiums, to Canada Revenue Agency. MacEwan University does not have a responsibility for these deductions or remittances for Independent Contractors.

If an individual is incorrectly assessed as an Independent Contractor and no deductions were made for CPP contributions, EI premiums, or income tax, then MacEwan University will be required to pay both the employee's share and the employer's share of the CPP contributions and EI premiums, plus interest and penalties under the *Income Tax*

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Act and/or the entitlements a Worker would have otherwise received under respective terms and conditions. Other penalties may also be assessed that could potentially have a negative financial impact on the Worker.

Finally, an incorrect assessment may also have the potential to create subsequent jurisdictional disputes if the work is of a nature that would normally be included in a bargaining unit.

3. Accountability for Sign-off

It is the responsibility of the individual establishing a contract or the designated administrative position within a department to determine the relationship of the work engagement. The Accountable Individuals are also encouraged to consult and solicit feedback from Human Resources or Procurement and Contract Services staff as appropriate when making the determination.

4. Process for Determining Worker Status

The intent of the following information is to assist faculties and business units in determining the relationship of the work engagement by approaching the assessment in a consistent manner. Accountable Individuals are to first consider the **Worker Status Determination Decision Tree** and second, if required, the **Worker Status Determination Checklist**.

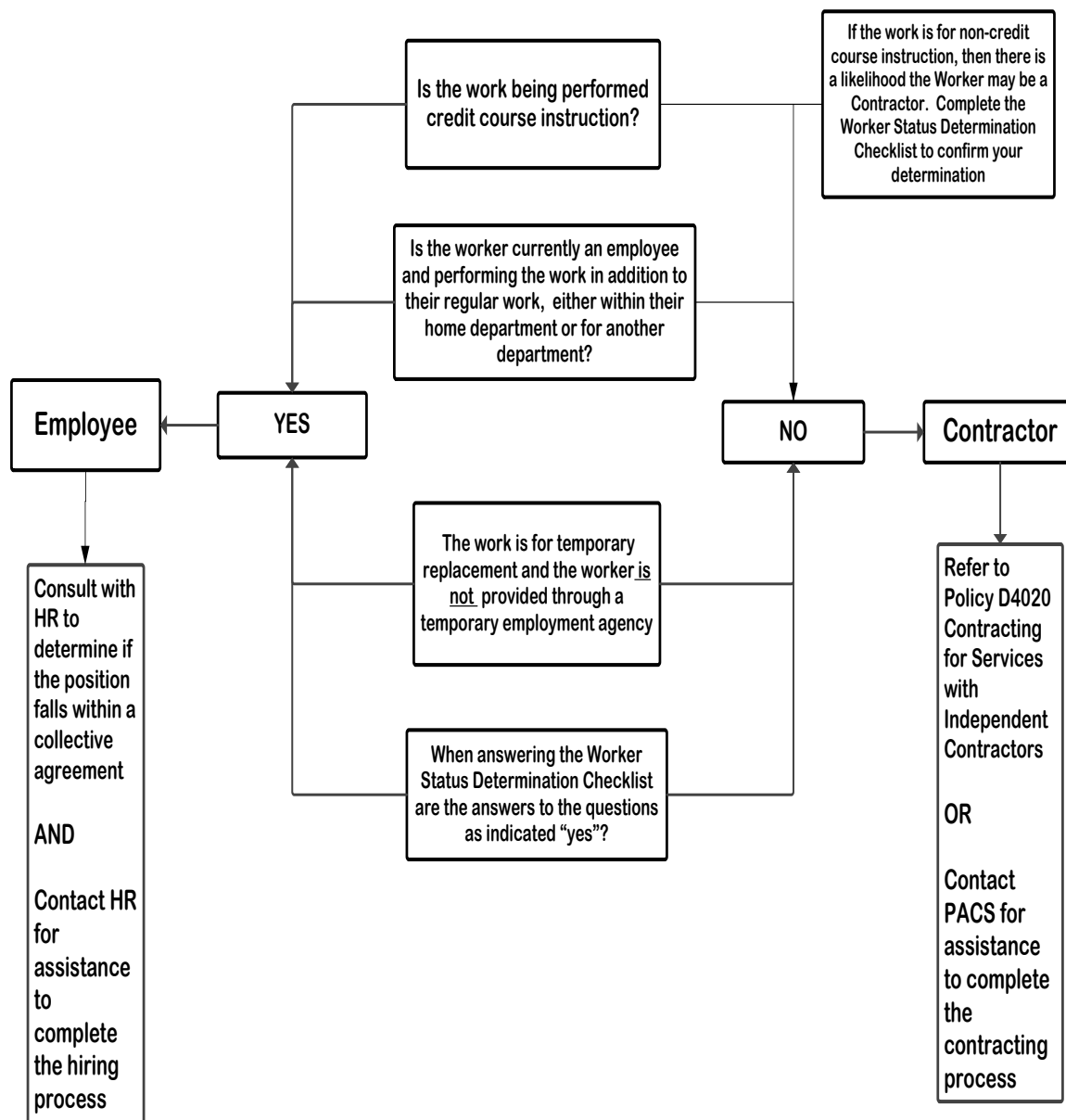
Once an employment relationship is determined, **Employees** will be hired in accordance with Human Resources processes and procedures; or **Independent Contractors** will be contracted in accordance with Procurement and Contract Services processes and procedures.

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4.1 Worker Status Determination Decision Tree



If the relationship cannot be determined by applying the above decision tree, the following Worker Status Determination Checklist provides further guidance.

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4.2 Worker Status Determination Checklist

The Control Test:	YES	NO
1. Will the University supervise and direct the daily work and prescribe and control the hours and place that the work is to be performed?		
2. Does the Worker supervise the work of University Employees		
3. Are these services or similar services normally being provided by University Employees either on a part-time or full-time basis?		
4. Is the University the sole client of the Worker?		
5. Is it expected that the Worker will have an ongoing relationship with the University?		
Ownership of Tools	YES	NO
6. Does the University supply the tools and equipment required by the service provider?		
Opportunity for Profit and Risk of Loss	YES	NO
7. Will the University share in any profit that may be directly generated from the services being provided?		
8. Does the University prohibit the Worker from subcontracting to others to provide the service?		
9. Will the Worker be paid on a regular payment schedule (as opposed to when particular results are achieved)?		
10. Will the University accept financial or other liability if the work is not satisfactorily completed?		

If the answer is “yes” to questions 1 or 2, and/or the majority of questions 3 to 10 of the above checklist, then an employment relationship is considered to exist. Complete and submit the Employee Action Form (EAF), or contact HR if further clarification is needed.

If the answer is “no” to questions 1 or 2, and/or the majority of questions 3 to 10 of the above checklist, then an Independent Contractor relationship is considered to exist. **Complete the balance of this form and provide to Procurement and Contract Services (PACS)** ¹ to complete the contracting process in accordance with procurement policies and requirements, or contact PACS if further clarification is needed.

Faculty/Department/Unit

Approval and Authorization:

Printed Name

Authorized Signature

Date: _____

¹ **Note:** This form is only required to be submitted where the relationship is determined to be that of an Independent Contractor.

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FACT SHEET

Relevant Dates

Approved: 2013.10
Next review: 2018.10

Source

Modification history:

2013.10.24 This is a new procedure to support policy D1060 – Worker Status Determination, approved by Board Motion 01-10-24-2013/14.

References and acknowledgements:

Accountability

Office of Accountability: associate vice-president, Human Resources
Office of Administrative Responsibility: associate vice-president, Human Resources
Approved by: associate vice-president, Human Resources
Contact Area: Human Resources Advisory Services
Authority: Canada Revenue Agency
Income Tax Act

Related Matters

Canada Revenue Agency RC4110 – Employee or Self-employed?

Related Procedures

Related guidelines/ manuals, forms:
Related topics: