



Employee vs. Contractor

It is important that each society determine if they have an employee or an independent contractor. Sites should refer to a professional tax accountant to seek advice on whether CRA would consider their staff to be employees or contractors. **The facility engagement team will not be providing advice on these matters.**

Should your site not have a tax accountant on retainer please contact Tim Sutherland or Shane Onufrechuk at KPMG (information below). If your site chooses to seek advice from KPMG, they will set up an engagement letter with the individual and bill their services directly to the site.

From an income tax point of view, if you have an employee, then there is the requirement to:

- Complete TD1 forms and remit the appropriate amount of income taxes, CPP and EI on the amounts paid;
- Remit the employer portion of CPP and EI;
- Prepare and file T4 summary and information slips

If this is not done, there is exposure to interest and penalties on unpaid remittances as well as penalties to file the applicable information return.

The criteria that CRA uses to determine if someone is an employee or an independent contractor is listed in the publication below:

<http://www.cra-arc.gc.ca/E/pub/tg/rc4110/rc4110-16e.pdf>

As stated above, please contact Tim Sutherland or Shane Onufrechuk to assist with determination of employee status.

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