



## MEMO

**TO:** Pastors and Administrators  
**FROM:** Diocesan Administration  
**RE:** **Canada Revenue Agency requirements for payments to individuals**  
**DATE:** December 19, 2012

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As discussed at the October meeting with Temporal Affairs Council members, the Archdiocese and one of our parishes were audited by the Canada Revenue Agency (CRA) earlier this year. The main focus of their audits was to identify payments made to individuals outside of the payroll. Further to the two audits, the CRA provided us with rulings for various positions whether employees or self-employed contractors.

The result is that Diocesan Administration and parishes are now obliged to issue T4's or T4-A's to individuals receiving \$500.00 or more in a given year. Effective January 1, 2013, we are to abide by the following directive:

- 1) Payments to visiting priests - excluding the mileage refund portion - are to be reported on an annual T4 for each priest. Payroll deductions (Income Tax, EI, CPP) are to be made at the time payments are made. The monthly remittances to the CRA are to be done, including the employee deductions and the employer contributions.
- 2) Mass stipends, and any other amount paid for the celebration of a sacrament, paid to the pastor and associate pastors – and those holding equivalent appointments in a parish – are to be included when calculating employment income on the priest's annual T4. The usual payroll deductions for Income Tax, EI and CPP should be done at the time of payment and remitted to the CRA on a monthly basis.
- 3) Musicians, including choir members, who are compensated on a *per actum* basis and not by virtue of employment, are not considered employees but self-employed contractors. Therefore, an annual T4-A is to be issued for payments made to them if \$500 or more per year. In the case of self-employed contractors, no deductions are made. It is the contractor's responsibility to report their income. Musicians who are employees of the parish are subject to the standard regulations of the CRA for employees.

You will be able to use the Payroll Deductions Online Calculator which you will find at the following CRA website address:

<https://apps.cra-arc.gc.ca/ebci/rhpd/startLanguage.do?lang=English>.

Should you have any questions, please do not hesitate to contact:

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