



Mr. Dan Michaud, Director,  
Advisory and Compliance Branch  
Ministry of Finance  
33 King Street West  
Oshawa ON L1H 8H5

Dear Dan,

I am writing in response to your letter of April 4, 2014, in which you seek confirmation of the statutory withholding requirements on payments made to part-time appointees who are paid on a per diem basis.

You have indicated that the individuals in question are appointed to an office by the Government of Ontario, although the per diem remuneration paid to them may be made by other organizations, such as classified agencies or other non-classified entities.

Please note that your understanding of the income tax, Canada Pension Plan (CPP), Employment Insurance (EI) and Harmonized Sales Tax (HST) implications of remuneration paid to your appointees is accurate. Specifically:

- **Income Tax** – The payer is required under paragraph 153(1)(a) of the *Income Tax Act* (ITA) to withhold income tax from these payments. Subsection 5(1), “Income from an office or employment,” of the ITA includes salary, wages, or other remuneration in a taxpayer’s income. The per diem payments you have described would be considered “other remuneration” from an office. Income from an office and the associated deductions should be reported on a T4 slip.

Within the limitations of Section 8, “Deductions”, of the *Income Tax Act*, an officeholder may be able to claim employment expenses against their remuneration from that office if they are required to incur expenses related to the performance of their duties. Where expenses may be claimed, the employer must complete Form T2200, *Declarations of Conditions of Employment* to certify the conditions of employment that required the office holder to incur the expenses.

- **Canada Pension Plan** - Pursuant to the recent amendment to Schedule IV of the *Canada Pension Plan Regulations*, the officeholders described are not considered to be in pensionable employment. Therefore, payments of remuneration made on or after December 6, 2013, are not subject to withholding of CPP contributions.
- **Employment Insurance** - The employment of individuals who are appointed and remunerated under the authority of the *Public Service of Ontario Act, 2006* is included in insurable

employment and subject to withholding of EI premiums. In addition, the employment of individuals who hold an office in or under a corporation, a commission, or another body that is an agent of Her Majesty in right of Ontario and are paid on a per diem basis is included in insurable employment and subject to withholding of EI premiums. More information on this subject is available at [www.cra-arc.gc.ca/tx/hm/xplnd/stts/tnrffc-eng.html](http://www.cra-arc.gc.ca/tx/hm/xplnd/stts/tnrffc-eng.html).

- **Harmonized Sales Tax** – Services performed by office holders are not considered taxable supplies. Therefore, there is no requirement for the office holder to collect HST related to their services.

I trust you will find this information helpful, and should you have any further questions, please do not hesitate to contact me at 613-954-1284.

Yours truly,

A handwritten signature in black ink, appearing to read 'KM', with a long horizontal flourish extending to the right.

Kevin McKenzie  
Director General  
Debt Management Compliance Directorate  
Canada Revenue Agency