

## Hiring Professionals or Consultants

For your research project, you may need or plan to seek assistance from professionals with specific skills for tasks that cannot, for whatever reason, be allocated to a [student employee](#), e.g., an Undergraduate Research Assistant (URA) or Graduate Research Assistant (GRA), a [Grant Employee](#), e.g., a Research Assistant (RA) or Research Associate (RAssoc), or a [Postdoctoral Fellow-Employee](#) (PDF-E). It is possible to hire companies, businesses, independent contractors, self-employed persons, etc. as consultants ("fee for hire") for varying types of services. There are, however, guidelines and regulations that determine eligibility of their involvement in your project and that govern their payment.

If you do include consultant or professional/technical service fees in your research grant budget, it's best to justify *why* the consultant is essential to the project outcomes as opposed to URAs, GRAs, RAs, RAssoc, or PDF-E. As well, in the budget justification you may wish to indicate where you obtained the consultant's cost figure, e.g. the specific name of the company or business. The HSS Dean's Office may request that a quote from the company be on file.

### Guidelines for Professional/Technical Services or Consultants

- Before you include this type of expenditure in your budget (or even before engaging the services of a consultant for any research), it is imperative that you first review Memorial's policy, [Determination of Employee or Independent Contractor Status](#). See below for the procedure.
- Memorial classifies work relationships as either employment (e.g. [Grant Employees](#)) or independent contractor (self-employed/consultant) and must adhere to [Canada Revenue Agency's \(CRA\) guidelines](#) regarding payment for these services. Here is a summary of the two classifications:
  - **Where a relationship is deemed to be one of employee and employer**, the hiring of individuals is conducted in accordance with University policies, procedures and collective agreements (where applicable) and the payment is classified as employment income. HR withholds, at source, all applicable Federal and Provincial taxes and contributions. Where an employee is eligible to participate in the University's pension and benefit programs, the University withholds directly from the employee's remuneration any premiums which the employee is responsible to pay.
  - **Where a relationship is deemed to be one of independent contractor**, payment(s) is classified as business income and a contract for services must be prepared. Such individuals are not covered by any of Memorial's benefit programs. Required income taxes and CPP, EI, Worker's Compensation, liability insurance, medical and life insurance and any other employment benefits are the full responsibility of the independent contractor. Individual contractors may be required to provide proof of liability insurance and worker's compensation coverage prior to start of work.
- A consultant is, therefore, a *business entity* which is either a for-profit unit *within* Memorial, or an entity - a corporation or individual - providing services under a contract for services *external* to the University. Typically, the external contractor provides expert advice or service that is not readily available on campus.
  - Note that you cannot pay a Memorial full-time student or PDF-E as a consultant.

- Be sure you understand the funding agency's guidelines and Memorial's [Purchasing Policy](#). For example, you may be asked by HSS and/or Memorial's Research Initiatives and Services (RIS) office to provide quote(s) for the consultant budget line item; the number of quotes you must obtain may be determined by either the funding agency's guidelines and/or the Newfoundland and Labrador's [Public Procurement Act](#) and [Public Procurement Regulations](#).
  - If unsure how many quotes to include in your proposal, please work with your departmental administrative staff who will contact Memorial's [Financial and Administrative Services \(FAS\) Tender Office](#) who assist with tender evaluations and interpretation of the Act and Regulations.
- Do not forget to include the tax on consultant services. If the consultant is a unit within Memorial, then use Memorial's institutional tax rate of 11.65%, which is less than the provincial HST of 15%.

### Process for Determining Employee or Consultant Status

- Definitive determination of whether a position or individual is an employee or contractor *can only be reached by Memorial's Human Resources (HR) when both a specific individual and position can be identified for assessment*, i.e. after the grant has been awarded, and is based on Memorial's policy on [determination of employee or independent contractor status](#). Determination of whether the person is an employee or contractor requires that you submit to your departmental administrative staffperson an [Assessment of Status Form](#) outlining the position's roles and responsibilities.
- If you'd like a pre-determination of a position prior to submission of a grant application to a funding competition (e.g., for budget accuracy purposes), a 'generic' description of a position's prospective responsibilities in relation to a project can be used by HR. Note, however, that the position or determination cannot be fully confirmed until the funding is awarded and a specific individual is assessed; this means that the determination may change.
- Therefore, for budget construction purposes, it is possible to use the [Assessment of Status process](#) when *preparing* a research grant application in order to obtain more precise accurate figures for the proposal's budget. Note that **the process for determining status can take several weeks so plan far ahead of any grant deadlines!** The process is as follows:
  - Work with your departmental administrative staff to determine the status of the worker you want to include in your proposal's budget; they will work with HR and/or Financial Administrative Services (FAS) to determine the status/position.
  - When you submit the request, indicate the internal HSS deadline.
  - Provide as much information as possible when requesting the assessment, such as:
    - Does the work involve research or teaching (this is Memorial's core business so normally this work is paid to an employee)?
    - Does Memorial provide this service already that the researcher can avail of?
    - Is there a specific expertise necessary that is not available at or through Memorial?
    - Is the person being paid hourly or is it a set rate or payment?
    - Is the person willing to take the risk of profit or loss, regardless of the rate of pay?
    - Is the fee paid to a consulting company/business or an individual?
    - Where will the work be performed?
    - Does the person have an HST number, insurance, workers compensation, etc.?
    - Will there be an ongoing relationship with the university, e.g., will the person be paid at regular intervals over a period of time?

- Has the person been paid by Memorial in the past? If so, was it as an independent contractor or as an employee?
- Where does the person reside? If outside of Canada, are they working with a post-secondary institution and do they have a Social Insurance Number (SIN)?
- If the person is an artist, musician, actor, announcer or model, are they willing to sign and/or undergo negotiations to sign the [Freelance Agreement](#)?
- Is the person willing to sign and/or undergo negotiations to sign the [Independent Contractor – Standard Agreement](#)?
- If it has been determined that the person should be hired as a Memorial employee, please consult HSS's budget help document, [Grant Employees](#) for accurate wage and benefit information for your grant proposal's budget.
- If Memorial has determined that the consultant should be paid as an employee but the consultant wants to be paid as a business, then they can request a [ruling about their status as a worker](#) from the CRA; Memorial must adhere to the ruling.