

FACTSHEET	Student Stipends	Work-for-Pay
Definition	Support paid to students from a professor's research funds: <ul style="list-style-type: none"> • Allowing the student to further his/her own research/thesis or other program/academic requirement; • Treated as an award with T4A and Relevé 1 slips issued; • There are no assigned tasks or deliverables; • Does not represent payment for work performed; • Represents a payment that enables somebody to undertake a role that is normally unpaid or which cannot be measured in terms of a task. 	Compensation for the performance or delivery of assigned work <ul style="list-style-type: none"> • Treated as employment income with T4 and Relevé 1 slips issued. • Pay for work performed (e.g. laboratory work). • Pre-arranged terms – hourly rate, # hours, specific work days. • Under specific direction of researcher or co-researcher. • The person is being compensated for duties performed and is expected to perform those duties.
Income Tax Act	As noted in the Income Tax Act (IT-75R4) since updated to S1-F2-C3 on March 28, 2013, "...the work not primarily for financial gain but because participation in it will assist the student in qualifying for a degree or other scholastic recognition in the field in which the research is being carried on."	As noted in the Income Tax Acts (R.S.C., 1985, c.1 (5th Supp.) , " Tax payable by persons resident in Canada 2 (1) An income tax shall be paid, as required by this Act, on the taxable income for each taxation year of every person resident in Canada at any time in the year.
Examples of activities	A student receives a Stipend in support of their advancement towards educational goals for desired degree: <ul style="list-style-type: none"> • Developing techniques and methodologies • Gaining knowledge of scientific, scholarly ideas or materials. • Gathering data for own thesis/research • Analyzing finding for own thesis/research project • Conducting lab experiments and/or studies to further own thesis/research 	A student is paid a Research Assistantship hourly wage for work performed, where tasks and deliverables are defined. Work-for-Pay examples include: <ul style="list-style-type: none"> • Dishwasher • Library Stacker • Events Coordinator • Phonaton Operator • Peer Tutoring
Eligibility/Conditions	<ul style="list-style-type: none"> • Recipient of a Student Stipend must be duly registered as a student at McGill and does not hold academic/professorial rank as an additional appointment at McGill • Primary purpose of the Student Stipend is to support the student while undertaking responsibilities that directly relate to his/her training and studies as a student 	<ul style="list-style-type: none"> • Candidates must meet the requirements of the position, as posted • Candidates must be assigned specific hours of work for specific days of the week with a corresponding hourly rate of pay • Timesheets are completed for each pay period and approved by Supervisor

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	<ul style="list-style-type: none"> • The professor's research fund must have sufficient funding to support the full stipend for the designated period • Payment must adhere to the specific research sponsor guidelines • No contract • No specific work schedule • No timesheets 	<ul style="list-style-type: none"> • Candidate is under the direct supervision of the researcher • Has a contract • Has a specific work schedule • Tracks work performed using timesheets • Has expected deliverables for tasks performed • In order to maintain full-time status, a graduate student should not work more than 180 hours per term over 15 weeks with 12 hours per week.
Processing Method/System	<p>Student Stipends are processed in BSA via the Minerva Award Processing Form (APF) using the following steps:</p> <ol style="list-style-type: none"> 1. Professors MUST complete and sign the Student Stipend Payment Authorization form to attest to the nature of payment. Staff with the necessary departmental access use the APF to process payment. Staff identify the funding source ("Aid Fund"), recipient, amount and disbursement schedule. 2. If the research fund is not yet established in BSA as an Aid Fund, staff can dynamically request one be created. 3. Student Stipends paid from Research Funds are subject to approval Research Financial Management Services of Financial Services. 4. Student Funding may perform an additional verification prior to releasing the payment. 5. Student recipients receive their payments via direct deposit to their Canadian bank accounts. Students can view their awards and related payment schedules using <i>My Financial Aid & Awards</i> from the Minerva Financial Aid/Awards →Financial Aid menu. 	<p>Work-for-pay is processed through HR/Payroll either through an appointment form process or the POPS payroll system:</p> <ol style="list-style-type: none"> 1. Timesheets specifically address the payment process through POPS 2. The employee should complete this form and submit it to their supervisor for approval. 3. These timesheets should then be given to the person responsible for submitting the POPS payments. 4. Income taxes are deducted at source (e.g. deducted from each pay cheque) 5. Employee can be considered eligible for University benefit plans including, but not limited to Group Life, Health, Dental, LTD and Pension. 6. Employee is eligible for federal and provincial government deductions and benefits such as: Employment Insurance, Quebec Pension Plan, Quebec Parental Insurance Plan and Medicare. 7. Employee is subject to the 4% vacation pay or any form of vacation accrual or payment. 8. The recipient is eligible to collect Employment Insurance.

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Supporting Documents	<ul style="list-style-type: none"> • Student Stipend Authorization form The duly completed and signed Student Stipend Payment Authorization form(s) must be retained in the department for 7 years as supporting documentation in the event of agency or tax audit. 	<ul style="list-style-type: none"> • Timesheets completed, signed and approved • Personal Data form • Confidentiality agreement (if applicable) • Advice of Selection (if applicable)
Tax Treatment	<ul style="list-style-type: none"> • Student Stipends are treated as a scholarship/bursary/awards for income tax purposes • The University will generate a T4A/Relevé 1 slip for this award. 	<ul style="list-style-type: none"> • Both federal and provincial Income taxes are deducted from each pay period. • The University will generate a T4/Relevé 1 slip for this income.
Exclusions for tax purposes	<p>Student Stipends for POSTDOCTORAL SCHOLARS (including POSTDOCTORAL FELLOWS and POSTDOCTORAL RESEARCH TRAINEES) are subject to different process and tax treatment. Payments <u>cannot</u> be processed through the Banner Student Aid System (BSA).</p>	

Why It's Important

- Ensures that the University is compliant with respective taxation, research sponsors and reporting requirements.
- Ensures that the student is also able to avail of all eligible benefits associated to the type of payment. i.e. T4A for awards versus EI Benefits for Work-for-Pay.