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## Interpretation Guide

### CRA T2200 Declaration of Conditions of Employment Form

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#### Background

The "Declaration of Conditions of Employment" form, also known as the "T2200" form, is a form certified by the employer and submitted by an employee to the Canada Revenue Agency (the "CRA") for the purpose of supporting the employee's claim for the deduction of work-related expenses from personal employment income. Eligible work-related expenses may include those related to automobile, travel, home office and the purchase of supplies.

The T2200 form asks 13 questions to ascertain whether certain employment conditions exist which would permit the deduction of expenses as claimed by the employee. The way the questions are written on the form contemplate that the employer will complete the form, but this does not preclude the employee from doing so him/herself and then presenting it to her supervisor for certification (i.e. signature). Regardless of who completes the form, the University has a legal obligation to ensure that the information provided on the form is correct and complete prior to its certification.

#### Purpose

The purpose of this Interpretation Guide is to provide a greater understanding of how the 13 questions on the T2200 form are to be interpreted and answered. This document should be read in conjunction with University's policy entitled "Declaration of Conditions of Employment (T2200) Form"; the applicable collective agreement (if any); the employee's written contract of employment (if any); and any other verbal or written agreement made between the University and the employee. Further interpretive guidance can be found on the CRA website.

It is not the purpose of this Interpretation Guide to address whether or not an employee's claim for the deduction of work-related expenses from personal employment income will be ultimately successful. That determination is made by the CRA.

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## Interpretation Guide

The questions on the T2200 form have been reproduced below (in text boxes), each followed by an interpretive narrative and, in some cases, examples of acceptable and/or expected responses.

### Part A - Employee Information

The information required in Part A is largely the personal information of the employee and should be completed by the employee him/herself. The field requiring "Job title and brief description of duties" should be completed with reference to the employee's job description, if one exists, and needn't be detailed or exhaustive. For example, in the case of a Sessional Faculty member, the job title and description of duties field could properly read: "Sessional Faculty: part-time instructor employed to teach an undergraduate level class. Job duties include preparation of course curriculum, lecturing, grading/marking, and convening office hours for students."

### Part B - Conditions of Employment

1. Did this employee's contract require him or her to pay his or her own expenses while carrying out the duties of employment?  Yes  No

Answer **"yes"** even if you provide an allowance or a reimbursement in respect of some or all such expenses.

If **no**, the employee is not entitled to claim employment expenses, and **you are not required to answer any of the other questions.**

In most cases at McMaster, the answer to question #1 will be "yes". If an employee is claiming reimbursement for any expense as permitted under the University's "Reimbursements to Individuals for University Business" policy, provided such claim is properly authorized by the employee's supervisor, then the answer to this question will be "yes". There may be some employees whose position does not require any expenditures (of a non-personal nature) while carrying out the duties of employment. For these employees, an expense claimed under the University's "Reimbursements to Individuals for University Business" policy would not be authorized. In such a case, the answer to question #1 will be "no" and no other questions on the form need be answered.

#### **"contract"**

When answering question #1, it is necessary to determine if the employee, by contract, is required to pay his or her own expenses. The employee's "contract" refers to the agreement between the employee and McMaster setting out the employee's terms and conditions of employment. Usually, the contract is in writing. It may take the form of an individualized employment agreement or appointment letter, a collective agreement, an employee handbook, an email confirming the terms and conditions of appointment, or any other similar document. A McMaster policy may also dictate certain terms and conditions of employment. The "contract" may be some or all of these documents read in conjunction with one another. For example, the terms and conditions of employment of a

Sessional Faculty member are set out in the applicable collective agreement, read in conjunction with an individualized appointment letter and various University policies.

If there is no written contract (having one or more of the forms noted above), the terms and conditions of employment are determined by what the parties agreed to orally or implicitly at the time they entered into the employment relationship. This can be more difficult to ascertain. In the event of a dispute as to the terms and conditions of employment, past practice can be informative.

***"duties of employment"***

The interpretation of "duties of employment" is also determined by the employee's contract. Most written contracts are written broadly enough to allow for some supervisory discretion as to what is a required duty or not. For instance, an appointment letter may contain the phrase "and other duties as assigned". Simply put, if the task or event at issue is something required by the supervisor, whether explicitly in writing or as assigned, i.e. the employee has no choice but to undertake such task or event, then it is a duty of employment. The term "require" does not necessarily imply that the employee is expressly ordered to perform a certain task.

***"allowance" vs. "reimbursement"***

An "allowance" is different than a "reimbursement". The former means any periodic payment (in addition to salary or wages) provided to an employee for which the employee does not have to account for its use. An allowance will have a predetermined amount which can be fixed or determined by some formula, for instance, a car allowance may be based on kilometers travelled. At McMaster, allowances are rare and are invariably provided by express written agreement. A "reimbursement" means a payment to an employee to repay the him or her for costs incurred by the employee directly. At McMaster, reimbursements are governed by the University's "Reimbursements to Individuals for University Business" policy.

2. Did you normally require this employee to travel to locations that were not your place of business or between different locations of your places of business, during the course of performing his or her employment duties?  Yes  No

If yes, what was the employee's area of travel (be specific)? \_\_\_\_\_

***"normally"***

There is no hard and fast rule for how "normally" is to be defined for the purposes of answering question #2. Generally, "normally" is to be interpreted as occurring on a regular or habitual basis. An event that happens "normally" is often scheduled on a periodic basis (e.g. weekly). An event that happens "normally" can also be one that is not scheduled but happens with some degree of regularity.

***"require" & "during the course of performing his or her employment duties"***



To answer question #2 "yes", the travel must be necessary to the satisfactory performance of the employee's duties. As noted above, an employee's required duties are dictated by the employee's contract of employment or at the discretion of the supervisor (as may be permitted by the contract). The term "require" does not necessarily imply that the employee is ordered to travel. If, for example, the travel at issue is solely related to attending conferences, the answer to question #2 will depend on whether or not attending conferences is a requirement of the employee's duties. If the supervisor is ambivalent about the employee attending conferences, or perhaps prefers that the employee attends but does not require attendance, then the answer to question #2 is "no". On the other hand, if it is an expectation of the position that travel will be necessary to conduct certain research, for example, and research is a required component of the job, then, provided that travel occurs "normally", the answer will be "yes". Some faculty, for example, will normally travel to conferences, on research stays and for professional development during the course of performing employment duties; in these cases, the answer will be "yes".

***"area of travel"***

The travel contemplated by the question requires sufficient distance to necessitate the use of a motor vehicle. The travel can be either between McMaster locations (e.g. main campus including the Hamilton Health Sciences Centre (1200/1280 Main Street West), the Downtown Centre, McMaster Innovation Park, Ron Joyce Centre (Burlington)) or to non-McMaster locations. The "area of travel" should specifically identify both the 'to' and 'from' location addresses.

3. Did you require this employee to be away for at least 12 **consecutive** hours from the municipality and metropolitan area (if there is one) of your place of business where the employee normally reported to work?  Yes  No

If **yes**, how frequently?

Most employees normally report to work on main campus. The municipality for these employees is the city of Hamilton, which includes: Hamilton, Stoney Creek, Ancaster, Flamborough, Dundas and Glanbrook.

***"12 consecutive hours"***

The period of 12 consecutive hours includes travel time to and from the employee's normal place of work. If, for example, an employee who normally works on main campus is required to attend a conference in Toronto beginning at 8am and ending at 5pm, this would be considered 12 consecutive hours; the employee would have to leave Hamilton about 6am and wouldn't return until after 6pm. On the other hand, if the conference solely at issue was over a two-day period beginning at 8am and ending at 3pm each day, neither day's attendance would be considered 12 consecutive hours and the answer to question #3 will be "no".

4. Indicate the period(s) of employment during the year:

If there was a break in employment, specify dates:

***"period(s) of employment"***

For most employees at McMaster, there will only be one period of employment, beginning with the employee's start date. Some employees, notably Sessional Faculty and Teaching Assistants, have contracts that expire and are then rehired; this process amounts to breaks in employment and hence periods of employment. List all such periods.

***"year"***

This is calendar year.

***"break in employment"***

A break in employment requires a cessation of employment followed by a rehire. A cessation of employment can be occasioned by the expiry of a contract, termination, dismissal, resignation or retirement. A break in employment does not include a period of layoff, research leave, sabbatical, or any approved leave of absence, including maternity leave and sick leave.

5. Did this employee receive or was he or she entitled to receive a motor vehicle allowance?

Yes  No

If **yes**, indicate

- the amount received as a fixed allowance, such as a flat monthly allowance
- the per km rate used \_\_\_\_\_ (\$/km), and the amount received
- the amount of the allowance that was included on the employee's T4 slip

Did this employee have the use of a company vehicle?

Yes  No

Was the employee responsible for any of the expenses incurred for the company vehicle?

Yes  No

If **yes**, indicate the amount and type of expenses:

***"allowance"***

An "allowance" means any periodic payment (in addition to salary or wages) provided to an employee for which the employee does not have to account for its use. An allowance will have a predetermined amount which can be fixed or determined by some formula, for instance, a car allowance may be based on kilometers travelled.

Most employees at McMaster are not entitled to receive, and do not receive, a motor vehicle allowance and so the answer to question #5 will usually be "no". There is no McMaster policy providing for entitlement to a motor vehicle allowance so if such an allowance exists it is invariably by express written agreement with the employee. The fact that many employees receive reimbursement for mileage and gas when the use of a personal vehicle is required (pursuant to the University's "Reimbursements to Individuals for University Business" policy) is not relevant to question #5. If the employee is entitled to receive a motor vehicle allowance, answer "yes" to the first question in question #5.

For confirmation of T4 information, contact the Human Resources Service Centre.

Only a small number of employees at McMaster have the use of a company vehicle; the answer to this question, and the following question, will usually be "no".

6. Did you require this employee to pay for expenses for which he or she **did** or **will** receive reimbursement?  Yes  No

If yes, indicate the amount and type of expenses that were:

	<b>Amount</b>	<b>Type of expense</b>	<b>Included on T4 slip</b>
• received upon proof of payment	\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
• charged to the employer, such as credit card charges	\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

**"reimbursement"**

A "reimbursement" means a payment to an employee to repay the employee for costs incurred by the employee directly. At McMaster, reimbursements are governed by the University's "Reimbursements to Individuals for University Business" policy.

For confirmation of T4 information, contact the Human Resources Service Centre.

See also the comments following question #1.

Regarding whether the employee was "required" to incur an expense directly, see the comments following question #2.

7. Did you require this employee to pay for other expenses for which he or she **did not** receive any allowance or reimbursement?  Yes  No

If yes, indicate the type(s) of expenses: \_\_\_\_\_

In almost all cases at McMaster, the answer to question #7 will be "no"; employees are generally reimbursed for all required expenses. Occasionally, some faculty, for example, spend money on out-of-pocket on supplies and are not reimbursed for those expenses. In those cases, the answer will be "yes".

8. Did you pay this employee wholly or partly by commission according to the volume of sales made or contracts negotiated?  Yes  No

If **yes**, indicate the commissions paid (\$\_\_\_\_\_ ) and the type of goods sold or contracts negotiated ( \_\_\_\_\_ ).

Is there a business development account or other similar commission income account available from which the employee's employment expenses are paid or reimbursed?  Yes  No

If **yes**, is the commission income from this account included in box 14 of the T4 slip?  Yes  No

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9. Did this employee's contract of employment require him or her to:

- rent an office away from your place of business?  Yes  No
- pay for a substitute or assistant?  Yes  No
- pay for supplies that the employee used directly in his or her work?  Yes  No
- pay for the use of a cell phone?  Yes  No

Did you or will you reimburse this employee for any of these expenses?  Yes  No  
 If **yes**, indicate the type of expense and amount you did or will reimburse:

Amount	Type of expense	Included on T4 slip
\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

See the comments following question #1 and #2 regarding the interpretation of "contract of employment" and "require".

The first 4 questions in question #9 contemplate costs incurred by the employee directly out of his or her own funds, not out of research funds. Expenses paid from a research grant should not be considered in answering these questions. Note: if a research grant allocates funds to the recipient by way of remuneration (i.e. over and above funds allocated to pay required expenses necessary to carry out the research project), then this allotment is considered the income of the recipient and should be considered in answering this question.

***renting an office***

The answer to this question is likely "no". "Office space" is not to be confused with work-space-in-the-home or a home office. Most employees are provided adequate office space on campus (whether private or shared) or have an arrangement that permits working from home to enable the employee to satisfactorily perform their required duties. "Place of business" generally is considered to have reference to a permanent establishment of the employer; at McMaster, this would most often be main campus including the Hamilton Health Sciences Centre (1200/1280 Main Street West), but could also be the Downtown Centre, McMaster Innovation Park, or the Ron Joyce Centre (Burlington), among others.

***paying for a substitute or assistant***

The answer to this question is likely "no". Faculty at McMaster often hire assistants or other staff as an allowable expense under a research grant, but this scenario is not what the question is attempting to address. If, however, a research grant recipient used his or her own funds to pay for





an assistant, whether or not those funds were provided by way of remuneration from the grant funds net allowable expenses, the answer to the question will be "yes".

**"supplies"**

"Supplies" are only those materials an employee uses directly in the performance of her employment duties and for no other purpose, and include items such as: stationary, paper, stamps, toner and ink cartridges. Most employees at McMaster are not required to pay for supplies, with or without reimbursement. Occasionally, some faculty, for example, spend money out-of-pocket on required supplies. In those cases, the answer to the question will be "yes".

A computer may qualify as a supply provided the computer is used by the employee for no purpose other than in the performance of her duties of employment. Because this may be difficult to prove, the CRA may ultimately reject this claim. Nevertheless, if the employee is claiming the deduction of a computer expense and we believe that a computer is both necessary in the performance of her duties of employment and not used for any other purpose, this question should be answered "yes". Some Sessional Faculty may make this claim.

For confirmation of T4 information, contact the Human Resources Service Centre.

10. Did this employee's contract of employment require him or her to use a portion of his or her home for work? <input type="checkbox"/> Yes <input type="checkbox"/> No		
If <b>yes</b> , approximately what percentage of the employee's duties of employment were performed at their home office? _____%		
Did you or will you reimburse this employee for any of his or her home office expenses? <input type="checkbox"/> Yes <input type="checkbox"/> No		
If <b>yes</b> , indicate the type of expense and amount you did or will reimburse:		
<b>Amount</b>	<b>Type of expense</b>	<b>Included on T4 slip</b>
\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

The key to this question is not whether the employee actually works from home. Rather, the key is whether or not the employee is *required* to work from home to satisfactorily perform some or all of the duties of employment. See the comments following question #1 and #2 regarding the interpretation of "contract of employment" and "require".

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Assuming there is no express requirement to work from home, consideration must be had of the adequacy of the employee's workspace at McMaster (if any). Ultimately, does the workspace provided at McMaster allow for the employee's satisfactory performance of her duties of employment? If the answer to this question is "yes", then the answer to question #10 will be "no". Generally, any employee who has been assigned office space on campus, whether on a personal occupancy basis or shared use, is not required to work from home.

If the employee is required to work from home to satisfactorily perform some or all of the duties of employment, the employee should be asked to confirm which duties are performed at home and for how long so that an approximate estimation of the percentage of time spent at home can be made. (Generally, employees will be able to deduct expenses relating to their home workspace where the majority of their work is performed there.)

Reimbursement for home office expenses is not expressly provided for by the University's "Reimbursements to Individuals for University Business" policy. The answer to the question about reimbursement for such expenses is likely "no".

11. Did this employee work for you as a tradesperson?

Yes  No

If **yes**, did you require this employee, as a condition of employment, to purchase and provide tools that were used directly in his or her work?

Yes  No

If **yes**, do all of the tools itemized on the list provided to you by the employee satisfy this condition?

Yes  No

No

**Please sign and date the list.**

There is a small group of unionized tradespersons at McMaster, but otherwise the answers to the questions in question #11 will all be "no".

12. Did this employee work for you as an apprentice mechanic?  Yes  No

If **yes**, was this employee registered in a program established under the laws of Canada or of a province or territory that leads to a designation under those laws as a mechanic licensed to repair self-propelled motorized vehicles?  Yes  No

Did you require this apprentice mechanic, as a condition of employment, to purchase and provide tools that were used directly in his or her work?  Yes  No

If **yes**, are all of the tools itemized on the list provided to you by the employee used in connection with the employee's work for you as an apprentice mechanic in the program described **in this question**?  Yes  No

**Please sign and date the list.**

There are no apprentice mechanics at McMaster; the answer to the questions in question #12 will all be "no". (In the event, you supervise a newly hired apprentice mechanic, contact Human Resources Services.)

13. Did this employee work for you in forestry operations?  Yes  No

Did this employee, as a condition of employment, have to provide a power saw (including a chain saw or tree trimmer)?  Yes  No

There are no employees working in forestry operations at McMaster; the answer to the questions in question #13 will be "no". (In the event, you supervise a newly hired employee working in forestry operations, contact Human Resources Services.)

### Employer declaration

The signatory to the Employer declaration must be comfortable that the information provided on the form is, to the best of his or her knowledge, correct and complete. Further information or confirmation of information can be asked of the employee prior to signing. The signatory should be the applicable Vice-President or Faculty Dean, or their delegates. The employee's supervisor is an acceptable delegate.

Retain a signed copy for McMaster's records.

## Questions

If you have any questions regarding this Interpretation Guide or the "Declaration of Conditions of Employment (T2200) Form" policy, you may contact any of the following individuals:

- Employee/Labour Relations Administrator – 905-525-9140 x 23850
- Human Resources Service Centre - 905-525-9140 x 24444
- Chief Internal Auditor - 905-525-9140 x 23293

## Related Links

- Policy - [Declaration of Conditions of Employment \(T2200\) Form](#)