

**The Government Travel Credit Card must not be used to pay for GNWT service contractors who are considered as non-employees.**

**Authority:**

- FAM 3306 – Personal Service Contracts
- Government Contract Regulations (GCR)
- NWT Income Tax Act

**Interpretation**

FAM 3306 deems a service contract to exist if the person performing the work of the contract carries it out independent of the contract authority and is not an employee for purposes of the contract. That person is held to be an independent contractor. (FAM 3306 Appendices A and B provide additional information to determine whether a contractual relationship is an independent relationship (service contract) or an employer/employee relationship (employment contract)). Services contracts, procured in accordance with FAM 3301-Procurement Contracts- General, are typically done with an outside party, which is chosen through a competitive selection process, as described in GCR.

FAM 2002 provides *"It is not always appropriate or reasonable to expect travelers on Government business to pay their own travel expenses in order to be reimbursed later. On the other hand, there is limited ability to recover cash that may be lost or misspent by nonemployees, so cash should not be advanced to non-employees when there are other ways to pay for their travel expenses."* Consequently, the policy states *"The Government travel charge account number, defined in FAM Policy 2001, must be used to pay for non-employee travel...."*

By this interpretation, it is appropriate and reasonable to expect GNWT service contractors to pay for their own travel expenses because they would recover such costs as part of their contract. Moreover, should the GNWT arrange to pay for a service contractor's travel expenses with a GNWT travel credit card, it may be construed by Canada Revenue Agency (CRA) as an employment contract and, therefore, the GNWT will be obligated to remit taxes on the accrued "employee-type" benefits.