Canada

Tax Guide

2015/16

FOREWORD

A country's tax regime is always a key factor for any business considering moving into new markets. What is the corporate tax rate? Are there any incentives for overseas businesses? Are there double tax treaties in place? How will foreign source income be taxed?

Since 1994, the PKF network of independent member firms, administered by PKF International Limited, has produced the PKF Worldwide Tax Guide (WWTG) to provide international businesses with the answers to these key tax questions.

As you will appreciate, the production of the WWTG is a huge team effort and we would like to thank all tax experts within PKF member firms who gave up their time to contribute the vital information on their country's taxes that forms the heart of this publication.

The PKF Worldwide Tax Guide 2015/16 (WWTG) is an annual publication that provides an overview of the taxation and business regulation regimes of the world's most significant trading countries. In compiling this publication, member firms of the PKF network have based their summaries on information current on 1 January 2015, while also noting imminent changes where necessary.

On a country-by-country basis, each summary such as this one, addresses the major taxes applicable to business; how taxable income is determined; sundry other related taxation and business issues; and the country's personal tax regime. The final section of each country summary sets out the Double Tax Treaty and Non-Treaty rates of tax withholding relating to the payment of dividends, interest, royalties and other related payments.

While the WWTG should not to be regarded as offering a complete explanation of the taxation issues in each country, we hope readers will use the publication as their first point of reference and then use the services of their local PKF member firm to provide specific information and advice.

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- Financial Planning / Wealth Management;
- Corporate Finance;
- Management Consultancy;
- IT Consultancy;
- Insolvency - Corporate and Personal;
- Taxation;
- Forensic Accounting; and,
- Hotel Consultancy.

In addition to the printed version of the WWTG, individual country taxation guides such as this are available in PDF format which can be downloaded from the PKF website at www.pkf.com

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STRUCTURE OF COUNTRY DESCRIPTIONS

A. TAXES PAYABLE

FEDERAL TAXES AND LEVIES
INVESTMENT TAX CREDITS
BRANCH PROFITS TAX
GOODS AND SERVICES TAX (GST)
FRINGE BENEFITS TAX (FBT)
LOCAL TAXES
OTHER TAXES

B. DETERMINATION OF TAXABLE INCOME

DEPRECIATION
INVENTORY
CAPITAL GAINS AND LOSSES
DIVIDENDS
INTEREST DEDUCTION
LOSSES
FOREIGN SOURCED INCOME

C. FOREIGN TAX RELIEF

D. CORPORATE GROUPS

E. RELATED PARTY TRANSACTIONS

F. WITHHOLDING TAXES

G. EXCHANGE CONTROLS

H. PERSONAL TAX

I. TREATY AND NON-TREATY WITHHOLDING TAX RATES

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BASIC FACTS

Full name:	Canada
Capital:	Ottawa
Main languages:	English, French (both official)
Population:	32.2 million (PRB, 2013)
Major religion:	Christianity
Monetary unit:	1 Canadian dollar (CAD) = 100 cents
Internet domain:	.ca
Int. dialling code:	+1

KEY TAX POINTS

- Companies resident in Canada pay income taxes on their worldwide income. Non-resident companies are subject to income tax on Canadian source business income, 50% of the capital gains from the disposition of certain specified Canadian assets and 100% of gains on dispositions of certain other property such as Canadian resource property.

- Companies pay federal, provincial and municipal taxes. The combined federal and provincial or territorial corporate tax rates vary depending upon the province or territory where a corporation conducts business and the nature of its operations.

- There is a 25% branch tax on non-resident companies carrying on business in Canada, payable on notional distributions of branch profits to the foreign head office. The rate of tax is subject to reduction by treaty.

- The federal government imposes a Goods and Services Tax (GST) of 5% on a wide range of goods and services. Exemptions are provided for basic foods, health care and education.

- Taxable capital gains are included in taxable income and taxed at normal rates. However, only 50% of the gain arising is brought into the total income chargeable to tax. Similarly, where a capital loss arises, only 50% of that loss is recognised.

- No provision is made for filing consolidated tax returns for corporate groups. However, loss utilisation among members of a corporate group is often effected by amalgamation or merger of group members.

- Non-resident withholding tax applies to many types of income paid or credited to non-residents including dividends, interest, royalties, management fees, pension payments and rents. The statutory rate of withholding is 25% but this may be reduced or eliminated by treaty provisions.

- Individuals resident in Canada for tax purposes are subject to tax on their worldwide income. Non-residents are subject to tax in Canada on Canadian-sourced employment income and business income; 50% of the capital gains from the disposition of certain specified Canadian assets; and 100% of gains on dispositions of certain property such as resource property or certain life insurance policies.

A. TAXES PAYABLE

FEDERAL TAXES AND LEVIES

A corporation is resident in Canada if it is incorporated in Canada under federal or provincial law. A corporation may also be considered resident in Canada under common law if its central management and control is located in Canada.

Corporations resident in Canada pay income taxes on their worldwide income. Non-resident corporations are subject to income tax on Canadian-source business income, 50% of the capital gains from the disposition of certain specified Canadian assets and 100% of gains on dispositions of certain other property such as Canadian resource property.

The various properties on which Canada taxes non-residents' gains are included in the definition of 'taxable Canadian property'. Non-resident corporations are also subject to a 25% tax on the notional distribution of branch profits and a 25% withholding tax on certain types of Canadian source income that would generally be regarded as passive income.

A treaty may restrict Canada's ability to tax non-resident corporations or reduce the withholding tax rate. The federal government and eight provinces have entered into tax collection agreements whereby the federal government administers federal and provincial taxes on corporate income. The federal government also administers the tax system for the three territories.

Currently, the provinces of Alberta and Quebec administer their own corporate tax system. Corporations earning income through permanent establishments in more than one province must allocate taxable income earned to the particular provinces using a specified formula. The factors for the allocation of taxable income between provinces are:

a) Gross revenues; and,

b) Salaries and wages;

…attributable to a permanent establishment therein.

Combined federal and provincial or territorial corporate tax rates vary depending upon the province or territory where a corporation conducts business and the nature of its operations. In 2015, manufacturing companies are taxed at combined federal and provincial rates ranging from 17.5% to 31% (2014: 17.5% to 31%). Other corporations are subject to combined tax rates ranging from 25% to 31% (2014: 25% to 31%). Depending on the province where the income is taxed, a Canadian-controlled private corporation (CCPC) is entitled to lower tax rates ranging from 11% to 27% (2014: 11% to 27%) on the first CAD 350,000 to CAD 500,000 of active business income.

Corporate income taxes are payable in monthly instalments, with balances owing due two months after the corporation's taxation year-end or, in the case of an eligible CCPC, three months after the year-end. Returns must be filed no later than six months after the year-end, with no extensions available. Even if there is no tax liability, a non-resident corporation is required to file a return and is subject to a penalty if the filing deadline is not met. Generally, a refund will not be issued if the income tax return is not filed within three years of the end of the year (four years for a Quebec income tax return filed by a non-CCPC).

INVESTMENT TAX CREDITS (ITC)

Qualified expenditures in respect of scientific research and experimental development (SR&ED) in Canada qualify for a 15% federal ITC. Certain qualifying CCPCs are entitled to a 35% federal ITC on SR&ED up to specified maximums.

The ITCs may be used to offset federal income taxes payable in the current year, the preceding three years, or the 20 succeeding years. CCPCs may qualify to receive a cash refund when ITCs claimed exceed tax payable for the year. Nine provinces (all but Prince Edward Island) and the territory of Yukon offer provincial or territorial tax credits as an incentive for conducting qualifying SR&ED activities in their jurisdiction. The amount of federal ITC claimed is included in taxable income in the year following the claim. Provincial credits are generally included in taxable income in the year of entitlement.

The acquisition of qualified property for use in Atlantic Canada, the Gaspé Peninsula or prescribed offshore regions (other than qualified resource property) may qualify for a federal ITC of 10%. Qualified property encompasses a wide range of assets related to manufacturing and processing operations as well as assets used in specific industries. The acquisition of qualified resource property used mainly in Atlantic Canada, the Gaspé Peninsula or prescribed offshore regions and used primarily for oil and gas, and mining activities, if acquired after March 28, 2012, and before January 1, 2016 may qualify for a 5% federal ITC. In 2016, a transitional relief rate will apply for certain qualified resource property.

Corporations resident in Canada are eligible for a 5% to 10% federal ITC on certain pre-production mining exploration and development expenditures; however, federal ITCs were eliminated for exploration expenditures incurred after 2013, while the rate for development expenditures incurred in 2015 is 4%, but the ITC for development expenditures will be eliminated after 2015.

BRANCH PROFITS TAX

The federal government imposes a 25% branch tax on non-resident corporations carrying on business in Canada. The tax is payable on notional distributions of branch profits to the foreign head office. A treaty may reduce the rate of tax and may provide a cumulative exemption amount (e.g., CAD 500,000 under the Canada-US Treaty).

GOODS AND SERVICES TAX (GST)

The federal government imposes a goods and services tax (GST) of 5% on a wide range of goods and services. Exemptions are provided for basic foods, health care and education.

All businesses providing taxable services or selling taxable goods in excess of CAD 30,000 in a single calendar quarter or in the last four consecutive calendar quarters must register for and collect the GST. All taxable purchases from a GST registrant bear the GST. GST paid on purchases made by a registrant is credited against its GST collections on its GST return. A net credit is refunded.

With the exception of the three territories and Alberta, all provinces impose a provincial sales tax on a wide variety of goods. The application of sales tax to services will vary depending on the province. General provincial sales tax rates vary from 5% to 8%.

The federal government and the provinces of Newfoundland, New Brunswick, Nova Scotia, Prince Edward Island, and Ontario are parties to a sales tax harmonisation agreement. Under the harmonised sales tax (HST) agreement, the participating provinces have ceased to collect provincial sales tax. In its place, the federal government collects HST under the GST rules. The HST is generally 13% but is 15% in Nova Scotia, and 14% in Prince Edward Island.

British Columbia was party to the sales tax harmonization agreement, but as a result of a British Columbia referendum in 2011, British Columbia removed the HST and reinstated the former 7% British Columbia provincial sales tax (PST) and 5% GST effective 1 April 2013.

In Quebec, the GST and Quebec sales tax (QST) systems are essentially harmonised and administered by Quebec. As of January 1 2013, QST was increased to 9.975% but was levied on the price before GST. Therefore, the effective rate will remain unchanged at 14.975% (GST of 5% and Quebec sales tax of 9.975%).

FRINGE BENEFITS TAX (FBT)

The Northwest Territories and the provinces of Newfoundland, Quebec, Ontario and Manitoba levy a tax on payroll costs to support provincial health care and other programs. Rates and exemptions vary from province to province. The territory of Nunavut levies a payroll tax on high income employees.

The federal government does not impose FBT on employers but requires employer (and employee) contributions to Employment Insurance (EI) and the Canada Pension Plan (CPP) based on payroll costs.

Employers are required to remit EI, CPP and income tax with respect to their employees who are in regular and continuous employment in Canada, regardless of whether the employees (or employer) are resident in Canada. Certain fringe benefits are taxable to employees and are required to be reported on their personal income tax returns.

LOCAL TAXES

Provincial, territorial and municipal governments impose various taxes that need to be confirmed in each particular situation. These taxes include real property taxes, real property transfer taxes, business licences and a number of industry-specific taxes such as mining and petroleum resource taxes, logging tax and hotel tax.

OTHER TAXES

The federal government also imposes certain industry-specific taxes in addition to customs and excise duties. The federal large corporations tax, which was a minimum tax based on capital, was repealed effective 1 January 2006. As of 1 January 2011, only Nova Scotia imposed a general capital tax on corporations with taxable capital in excess of a specified minimum. It was eliminated effective 1 July 2012.

The federal government and several provinces still have capital taxes that apply to certain types of financial institutions. The exceptions are Alberta, British Columbia, Ontario, Quebec, the Northwest Territories, Nunavut, and the Yukon.

For corporations with a permanent establishment in Ontario, Ontario imposes a corporate minimum tax on corporations with total assets or gross revenues above certain threshold amounts in certain circumstances.

B. DETERMINATION OF TAXABLE INCOME

The taxable income of a corporation is determined using the accrual method of accounting. Certain professional, agricultural or fishing businesses are permitted to follow a cash or modified cash method of accounting. For a corporation resident in Canada, taxable income is based on its worldwide income less allowable deductions. For a non-resident corporation, taxable income earned in Canada is essentially defined to include:

- Income from carrying on business in Canada;
- 50% of capital gains from the disposition of certain specified Canadian assets or specified foreign assets with significant values attributable to underlying specified Canadian assets included in the definition of 'taxable Canadian property';
- Income from the disposition of resource property and certain other assets included in the definition of 'taxable Canadian property';
- Income from the disposition of certain other assets with a connection to Canada included in the definition of 'taxable Canadian property';
- Recaptured Canadian tax depreciation.

The scope of the definition of 'taxable Canadian property' was significantly narrowed effective March 4, 2010 to exclude shares of corporations and certain other interests (such as an interest in certain partnerships and trusts) that have not derived their fair market value principally from real property situated in Canada, Canadian resource property or timber resource property, at any time within the 60 months immediately preceding the disposition.

A treaty may limit Canada's ability to tax a non-resident on the various components of taxable income earned in Canada listed above.

DEPRECIATION

Canada has a complex system of determining the tax depreciation in respect of capital assets. Depreciable property is subject to a number of detailed regulations that specify the amount that may be written off in any particular year. There are also a number of detailed restrictions that have the effect of limiting write-offs for depreciable property.

Expenditures for exploration, development and maintenance of resource properties are subject to rules that categorise the expenditures and specify the amounts which may be deducted in a year. Qualifying Canadian exploration costs may be deducted at 100% against any type of income if desired. Canadian development expenses can be deducted at a rate of 30% per year or 100% against the sale of resource properties. Other expenditures are subject to less generous deductions.

Capital assets used for SR&ED are subject to regular tax depreciation rules rather than a 100% deduction if they were acquired after 2013.

INVENTORY

Inventory must be valued at the lower of cost or fair market value unless the taxpayer elects to value all inventory at fair market value. Special rules apply for the valuation of animals.

CAPITAL GAINS AND LOSSES

Taxable capital gains are included in taxable income and taxed at normal rates. A capital gain is essentially the proceeds of disposition for a capital property less the aggregate of the cost of the property and costs of disposition. However, only 50% of the gain is taxable.

Capital losses may only be used to offset capital gains but may be carried back three years and forward indefinitely, subject to change of control rules (discussed under the 'Losses" heading below). As noted above, under 'Determination of Taxable Income', non-residents are only taxed on certain specified capital gains.

DIVIDENDS

Dividends received by a private Canadian corporation from another resident corporation are subject to a refundable tax of 33.33% of the amounts received. In the event that the recipient corporation holds 10% or more of the payor corporation (measured by votes and value), taxes payable are based on the amount of tax refunded to the payor corporation as a result of the dividend.

Dividends received by most public corporations from another Canadian corporation are effectively excluded from income. Dividends received from non-resident corporations are subject to tax unless received from a subsidiary out of its active business profits from a designated treaty country (a country with which Canada has entered into a comprehensive agreement or convention for the elimination of double taxation on income, or a comprehensive tax information exchange agreement).

Other dividends from foreign affiliates are netted against a grossed-up adjustment for the underlying foreign affiliate tax and withholding tax. Portfolio dividends from foreign corporations are included in taxable income but the recipient is entitled to a foreign tax credit for the foreign withholding tax.

INTEREST DEDUCTIONS

Interest paid on funds borrowed to finance business operations or the acquisition of income-producing assets is generally fully deductible. In certain cases, interest payable relating to the acquisition of bare land is only deductible to the extent the property generates income. The deductibility of interest incurred during the construction of real property is also restricted. Interest payable on funds borrowed to pay dividends is deductible as long as the corporation has taxed retained earnings at least equal to the amount of the dividend.

Statutory 'thin capitalization' rules restrict the deductibility of interest paid to a non-resident shareholder or group that owns 25% or more of the shares of a Canadian corporation. Essentially, these rules prevent the deduction of interest paid to these particular non-residents (or non-residents not dealing at arm's length with them) where the ratio of outstanding debt to shareholders' equity exceeds 1.5-to-1 for taxation years beginning after 2012. A ratio of 2-to-1 applies for taxation years that begin prior to 2013. The equity is measured by taking the aggregate of the retained earnings at the beginning of the year and the average paid-up capital of shares owned by certain non-resident shareholders and related contributed surplus computed on a monthly-average basis. Effective March 29, 2012, the disallowed interest will be treated as a deemed dividend paid to the non-resident and will be subject to withholding tax of 25%, unless reduced by a treaty.

For taxation years beginning on or after March 29, 2012, the thin capitalization rules apply to partnerships which have a Canadian-resident corporation partner and for taxation years that begin after 2013, the thin capitalization rules apply to Canadian resident trusts, and non-resident corporations and trusts that operate in Canada.

LOSSES

Losses arising from business operations may be carried back three years and forward 20 years. The carry-forward period increased from seven to ten years and from ten to 20 years for losses arising in taxation years ending after 23 March 2004 and after 31 December 2005, respectively. Capital losses are discussed separately above.

In the event of a change of control of a corporation, there is a deemed year-end. Business losses incurred prior to the change of control may only be deducted in subsequent years from income from the same or similar business but only if the business which generated the losses continues to be carried on with a reasonable expectation of profit. A similar restriction applies to the carry-back of subsequent business losses to the three years preceding a change of control.

On a change of control, a number of complementary rules come into play that have the effect of deeming most types of assets to be disposed of at fair market value if fair market value is less than that particular asset's tax carrying value. The purpose of these rules is to crystallise any unrealised losses that may exist at the time of the change of control. These deemed losses are added to the existing losses and are subject to the carry-forward restrictions mentioned above.

Unclaimed capital losses expire on a change of control. A special election to trigger unrealized capital gains to use expiring capital losses should be considered when filing a change of control tax return. Post-change capital losses cannot be carried back to pre-change taxation years.

FOREIGN SOURCE INCOME

Canadian corporations are taxable on worldwide income regardless of source. Income earned by foreign affiliates in active businesses is generally not subject to taxation in the Canadian parent until the profits are repatriated (refer to the discussion on Dividends above). Corporations having an investment in a controlled foreign affiliate earning passive income, or deemed passive income, are subject to tax on that income in the year it is earned by the foreign corporation.

C. FOREIGN TAX RELIEF

Foreign income earned by a Canadian corporation is generally subject to tax in the year received or receivable. Credit is given for foreign income taxes paid including withholding taxes. Depending upon the tax rate of the foreign country, foreign tax credits may or may not provide full relief for the foreign taxes paid.

The amount of the foreign tax credits are effectively limited to the amount of Canadian tax paid. Foreign business income taxes not utilized in a particular year may be carried forward ten years and back three years. Excess foreign non-business income tax paid cannot be carried over but may be available as a deduction in computing income.

Dividends arising from active business income received from foreign affiliates residing in treaty countries are not subject to further tax in Canada if the business is carried on in Canada or a designated treaty country. No credit is given for foreign withholding taxes in these cases. Dividends arising from other business income received from foreign affiliates are netted against a grossed-up adjustment for the underlying foreign tax and withholding tax.

Dividends arising from passive income received from controlled foreign affiliates residing in treaty countries or arising from all sources in non-treaty countries are subject to tax as ordinary income. Credits will be given for underlying foreign tax and withholding tax, as well as Canadian tax which may have been payable at the time the income was earned.

D. CORPORATE GROUPS

No provision is made for filing consolidated tax returns for corporate groups. Certain tax provisions require the aggregation of amounts for members of related groups for purposes of determining access to certain tax incentives and benefits. Loss utilisation among members of a corporate group is often effected by amalgamation or merger of group members.

E. RELATED PARTY TRANSACTIONS

Domestic transactions between related parties are subject to rules that require such parties to transfer property at fair market value. Failure to effect transfers at fair market value may result in one-sided adjustments to income or cost basis. Charges between domestic group members are also subject to reasonableness and income earning tests.

Transactions with related non-residents are subject to both transfer pricing and foreign reporting rules. Contemporaneous documentation of transfer pricing methodologies is required to avoid exposure to transfer pricing penalties on adjustments. Substantial penalties may be levied where transactions with related non-residents are not in compliance with prescribed procedures.

F. WITHHOLDING TAXES

Canada imposes non-resident withholding tax on many types of income paid or credited to non-residents including dividends, interest, royalties, management fees, pension payments and rents. The statutory rate of withholding is 25% but may be reduced or eliminated by treaty provisions. Section I Treaty and Non-Treaty Withholding Tax Rates summarises the rates of withholding under Canada's present income tax treaties. As of 1 January 2008, withholding tax is not payable under Canada’s domestic legislation on most interest payments made by Canadian borrowers to arm’s length non-resident lenders.

Canada also has a clearance certificate procedure that requires a purchaser to withhold from the proceeds paid to a non-resident seller on the sale of certain Canadian properties.

The amount of withholding is generally 25% (50% for certain types of properties) of the net gain on disposition if proper notice is given to the tax authorities and a clearance certificate is provided to the purchaser. If a clearance certificate is not obtained, the amount of withholding increases to 25% (or 50%) of the gross proceeds instead of the net gain. Amounts withheld are creditable against Canadian taxes payable by the non-resident seller. In the event that the amount withheld exceeds the Canadian taxes payable by the non-resident seller, a refund will be given on filing a Canadian federal tax return. The March 2010 changes to the definition of ‘taxable Canadian property’ have streamlined the withholding and compliance procedures impacting non-residents and those that acquire property from them.

In addition to the federal withholding tax, Quebec has a similar withholding tax regime on sales of taxable Quebec property. The general rate of withholding is 12% and can be higher for certain types of property.

Non-residents are also subject to a 15% withholding on amounts received for services rendered in Canada. This particular withholding is credited on the non-resident's Canadian income tax return and will reduce the tax due or result in a refund. A refund due to a corporation will not be processed if the particular return is not filed within three years of the end of the taxation year.

In addition to the federal withholding tax, Quebec has a 9% withholding tax on services rendered in Quebec by non-residents of Canada.

G. EXCHANGE CONTROLS

Canada imposes no currency or exchange controls.

H. PERSONAL TAX

Individuals resident in Canada for tax purposes are subject to tax on their worldwide income. Non-residents are subject to tax in Canada on Canadian-sourced employment income and business income; 50% of the capital gains from the disposition of certain specified Canadian assets; and 100% of gains on dispositions of certain property such as resource property or certain life insurance policies.

Investment or passive income earned by non-residents is subject to withholding tax as discussed above.

Residency is determined based on common law tests of residency relating to social and economic ties. Individuals who stay in Canada for 183 days or more may be deemed to be resident in Canada. Canada's tax treaties may contain further provisions regarding determination of residency.

Tax returns are filed based on the calendar year and generally are due by 30 April of the following year. An extended deadline of 15 June of the following year is available for business proprietors and partners of most partnerships, as well as their spouses. There is no provision for joint spousal tax returns. Certain pension benefits may be allocated between two spouses by election.

Virtually all income earned is subject to taxation. Employment income (including certain employment benefits) and some forms of investment income are included in taxable income on a cash basis. Business income and some investment income, notably interest, are included in income on an accrual basis. Income earned from farming, fishing and certain professions is subject to a cash or modified cash method of accounting. Taxable Canadian dividends received by an individual resident in Canada are subject to a gross-up and dividend tax credit mechanism.

Employees are subject to withholding on their earnings from employment in respect of income tax and contributions for Canada Pension Plan and Employment Insurance. Self-employed individuals and those with income from other non-employment sources are required to make quarterly instalments of estimated taxes due for the year. The balance of taxes and Canada Pension Plan owing for a calendar year is due by 30 April of the following year for all individuals.

Individuals are permitted various deductions including contributions to Registered Pension Plans and Registered Retirement Savings Plans, interest paid on funds borrowed to earn income, and qualifying alimony or spousal support payments. Child maintenance payments are neither deductible by the payor nor taxable to the recipient if paid pursuant to an agreement entered into after 30 April 1997 or if an agreement or Court Order made before that date is modified after 30 April 1997. There are also tax credits available for personal exemptions, donations, medical and education expenses and Canada Pension Plan and Employment Insurance contributions.

Personal income tax rates are progressive with the maximum federal rate being reached at approximately CAD 138,500 of taxable income in 2015 (2014 - CAD 136,000). The thresholds for the maximum provincial rate vary between the provinces but are below the federal threshold.

I. TREATY AND NON-TREATY WITHHOLDING TAX RATES

Due to space limitations, the following summary does not reflect detailed information on the statutory or treaty provisions relating to withholding tax rates. Rates shown are in effect on 1 January 2015 subject to the notes at the end of the table below.

The reader should ensure careful reviews of the statutory rules and treaty provisions are undertaken when considering a particular cross-border transaction. For example, refer to note 1 pertaining to the elimination of Canadian withholding tax on arm’s length interest payments. The domestic rate may be lower than the treaty rate. Special care should also be taken to review the effective date of changes for new treaties and protocols. Particular care should be taken with respect to Canada-US payments involving fiscally transparent entities with changes effective in 2009 and 2010 (see note 14).

The Canada Revenue Agency (CRA) has provided declaration forms that are recommended for use by non-residents of Canada to provide the CRA and Canadian resident payers with information regarding their residency status and eligibility for treaty benefits.

	Dividends (%)	Interest (%)	Royalties (%)
Corporations and individuals resident in Canada:	Nil	Nil	Nil
Non-resident corporations and individuals of non-treaty countries:	25	25	25
Treaty countries:			
Algeria	15	15	15[6]
Argentina	10/15[2]	12.5	15[6]
Armenia	5/15[2]	10	10
Australia[11]	5/15[2]	10	10
Austria	5/15[2]	10	10[6]
Azerbaijan	10/15[2]	10	10[6]
Bangladesh	15	15	10
Barbados	15	15	10[6]
Belgium	5/15[2]	10	10[6]
Brazil	15/25[2]	15	25[6]
Bulgaria	10/15[2]	10	10[6]
Cameroon	15/20[4]	15/20[4]	15/20[4]
Chile	10/15[2]	15	15
China (PRC)[9, 11]	10/15[2]	10	10
Colombia	5/15[2]	10	10
Croatia	5/15[2]	10	10
Cyprus	0/15[16]	15	10[6]
Czech Republic	5/15[2]	10	10
Denmark	5/15[2]	10	10[6]
Dominican Republic	18	18	18[6]
Ecuador	5/15[2]	15	15[6]
Egypt	15	15	15
Estonia	5/15[2]	10	10
Finland	5/15[2]	10	10[6]
France	5/15[2]	10	10[6]
Gabon	15	10	10
Germany	5/15[2]	10	10[6]
Greece	5/15[2]	10	10
Guyana	15	15/25[4]	10
Hong Kong	5/15[2]	10	10[6]

	Dividends (%)	Interest (%)	Royalties (%)
Hungary	5/15[2]	10	10[6]
Iceland	5/15[2]	10	10[6]
India	15/25[2]	15	20[6]
Indonesia	10/15[2]	10	10
Ireland, Republic of	5/15[2]	10	10[6]
Israel[11]	15	15	15[6]
Italy	5/15[2]	10	10[6]
Ivory Coast	15	15	10
Jamaica	15	15	10
Japan	5/15[2]	10	10
Jordan	10/15[2]	10	10
Kazakhstan	5/15[2]	10	10
Kenya	15/25[2]	15	15
Korea	5/15[2]	10	10
Kuwait	5/15[2]	10	10
Kyrgyzstan	15	15	10[6]
Latvia	5/15[2]	10	10
Lebanon[10]	5/15[2]	10	10[6]
Lithuania	5/15[2]	10[7]	10
Luxembourg	5/10/15[2]	10	10[6]
Malaysia[11]	15	15	15[6]
Malta	15	15[7]	10[6]
Mexico	5/15[2]	10	10[6]
Moldova	5/15[2]	10	10
Mongolia	5/15[2]	10	10[6]
Morocco	15	15	10[6]
Namibia[10]	5/15[2]	10	10
Netherlands[11]	5/15[2]	10	10[6]
New Zealand[8]	15	15	15
Nigeria	12.5/15[2]	12.5	12.5
Norway	5/15[2]	10	10[6]
Oman	5/15[2]	10	10[6]
Pakistan	15/20[5]	15/25[4]	15/20[4, 6]
Papua New Guinea	15/25[4]	10	10
Peru	10/15[2]	15	15
Philippines	15/25[4]	15	10/25[4]
Poland	5/15[2]	10	5/10[6]

	Dividends (%)	Interest (%)	Royalties (%)
Portugal	10/15[2]	10	10
Romania	5/15[2]	10	10[6]
Russia	10/15[2]	10[7]	10[6]
Senegal	15/16[4]	15/16/20[4]	15
Serbia	5/15[2]	10	10
Singapore	15	15	15
Slovak Republic	5/15[2]	10	10[6]
Slovenia	5/15[2]	10	10
South Africa	5/15[2]	10	10[6]
Spain[8]	15	15	10[6]
Sri Lanka	15	15	10[6]
Sweden	5/15[2]	10	10[6]
Switzerland	5/15[2]	10	10[6]
Tanzania	20/25[2]	15[7]	20
Thailand	15/20[5]	15/25[4, 7]	15[6]
Trinidad and Tobago	5/15[2]	10	10[6]
Tunisia	15	15	20[6]
Turkey	15/20[2]	15	10
Ukraine	5/15[2]	10	10[6]
United Arab Emirates	5/15[2]	10	10[6]
United Kingdom	5/15[2]	10	10[6]
United States[14, 15]	5/15[2]	0[13]	10[6]
Uzbekistan	5/15[2]	10	10[6]
Venezuela	10/15[2]	10	10[6]
Vietnam	5/10/15[3]	10	10[6]
Zambia	15	15	15
Zimbabwe	10/15[2]	15	10

NOTES:

1 Effective 1 January 2008, Canada's Income Tax Act eliminates the Canadian withholding tax on arm's length payments of interest (other than participating debt interest) to all non-residents of Canada.

2 Depending upon the particular treaty, the lower rate applies where a corporate recipient of a dividend (beneficial owner) holds, at least, 10% to 25% of the voting control or at least 10% to 25% of the share capital of the company paying the dividend.

3 The 5% rate applies if at least 70% of the voting power is controlled by the recipient corporation. The 10% rate applies if between 25% and 70% of the voting power is controlled by the recipient corporation.

4 The lower rate only applies if the payment arises in Canada.

5 The 15% rate is applicable where the payment arises in Canada or if paid from a company engaged in an industrial undertaking.

6 Maximum withholding rate. Lower rates may apply depending on the nature of the royalty.

7 Lower rates apply to banks, insurance companies and lending institutions.

8 Treaty or protocol signed but treaty or new withholding rates not in force as of 31 December 2014. Lower rates may apply when implemented.

9 See separate listing for treaty with Hong Kong, signed on 11 November 2012 (entry into force on 29 October 2013).

10 Initial treaty which is not in force as of 31 December 2014. Table shows rates which will be in force when implemented. General rates are in effect until that time.

11 Canada is presently renegotiating a treaty with this country.

12 Canada is presently negotiating an initial treaty with Madagascar.

13 The withholding rate for non-arm's length interest paid to the US was reduced to 0% effective 1 January 2010. The rate for arm's length interest payments was reduced to 0% effective 2008. Interest on participating debt is excluded from these exemptions, but the withholding rate on such interest is limited to a 15% withholding rate.

14 Effective 1 January 2010, changes to the Canada – US Tax Treaty eliminated treaty benefits for payments from an entity which is treated as a corporation by Canada but as a fiscally transparent entity in the US and certain other conditions are met. For example, a payment from a Canadian unlimited liability company to its US owner will not be eligible for a treaty rate reduction where the tax treatment of the transaction under US rules differs from the treatment it would have received if the payer was not fiscally transparent for US purposes. Effective 1 February 2009, payments from Canada to a US fiscally transparent entity such as a US limited liability company, or a US partnership require consideration of the US treaty status of the individual members of the recipient entity. A US S Corporation will also generally be a fiscally transparent entity subject to the same look-through rules but Canada has indicated that it will give an S Corporation a reduced treaty rate where it qualifies for such rate as a recognized entity under the treaty. Specific tax advice should be sought to establish the withholding rate for Canada – US cross-border payments involving fiscally transparent entities. In April 2011, the CRA issued forms NR302 and NR303 for declaring the eligibility for treaty benefits for a partnership and other fiscally transparent or hybrid entities. The applicable withholding rate is calculated on worksheets included with these forms.

15 Effective 1 February 2009, the limitation of benefits clause in the Canada-US Tax Treaty became effective for Canadian withholding taxes, and may in certain circumstances deny treaty benefits on payments to US entities with non-US owners.

16 Dividends paid by a company resident in Cyprus to a Canadian owner are not subject to withholding tax. Dividends paid by a company resident in Canada to an owner in Cyprus are subject to a withholding tax of 15%.

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