

December 9, 2015

The Honourable Mélanie Joly, P.C.
Minister of Finance
House of Commons
Ottawa, Ontario K1A 0A6

Re: Non-Resident Taxation of Non-Resident Entertainers

Dear Minister,

We are writing as a collective of seventeen performing arts organizations representing more than 1,000 Canadian stakeholders in order to bring forward recommendations for improving the taxation regime of non-resident entertainers, including the Regulation 105 and Regulation 102 Withholding, as well as the information return and the tax return requirements. This letter follows earlier correspondence with the former Ministers of National Revenue and Finance, as well as discussions with the Specialty Audit Division at the Canada Revenue Agency.

Major performing arts organizations in Canada regularly contract for the services of non-resident artists and companies, in addition to engaging a large number of artists residing in Canada. In recent years, however, increases in standards for compliance has rendered the taxation of non-resident artists cumbersome to the point of impeding the regular business of Canadian performing arts organizations: a large number of waivers are being denied for failing to meet the increased standards, waiver processing times have nearly doubled, and a growing number of non-resident companies are assessed penalties for not filing information or tax returns. As a result, many foreign artists and companies are no longer interested in touring to Canada. As an example, the Bolshoi Ballet has written Les Grands Ballets Canadiens stating that the company will no longer tour to Canada because of the Canadian tax requirements.

We believe the situation has reached a point where taxation of non-residents is creating systemic barriers to cultural exchanges between Canada and other countries. This is contrary to the objectives and principles of the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions. Moreover, since cultural exchanges are based on reciprocity, these taxation obstacles are bound hinder our efforts to showcase Canadian culture on the international stage.

Our working group identified several recommendations to improve the taxation of non-resident artists and we presented them to the Minister of National Revenue and to the Minister of Finance. However, considering your government's intention to reinvest in cultural diplomacy, through the Canada Council for the Arts and through a dedicated

program in replacement of PromArts and Trade Routes, we felt the urge to bring the issues of non-resident taxation and our recommendations to your attention.

We would appreciate the opportunity to discuss the situation and our recommendations with you. We would appreciate your guidance addressing the situation, and would hope that we could count on your support in our discussions with the Minister of National Revenue and the Minister of Finance. You may contact Frédéric Julien, Director of Research and Development at CAPACOA, to set up a meeting or for further information.

Sincerely,

Paul Gravett



President, CAPACOA

On behalf of:

'Arts Common Presents' / Arts Commons Programming

Canadian Dance Assembly

Canadian Independent Music Association

CanDance Network

Cusson Management

Danse Danse

East Coast Music Association

Eponymous

Festival International de Jazz de Montréal

Festivals and Major Events Canada

Les Grands Ballets Canadiens de Montréal

Lula Music and Arts Centre

National Arts Centre

North American Performing Arts Managers and Agents

Music Canada Live

Regroupement des événements majeurs internationaux

Encl.