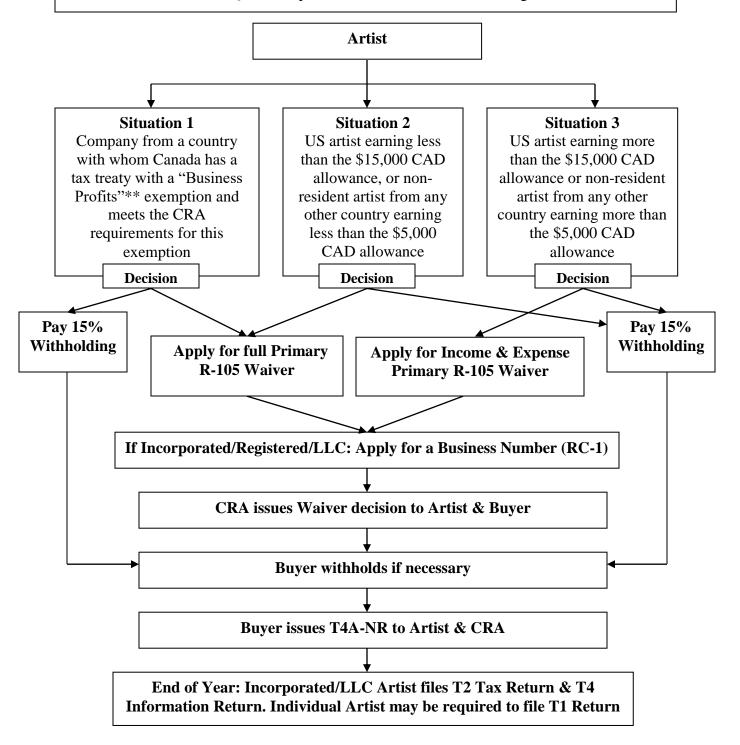
Canadian Taxes for Non-Resident Artists

15% Federal Withholding at the Source

There are three different situations applicable to a non-resident artist subject to Canadian withholding taxes. Each of the situations and their associated tax planning options are listed below.

*The Province of Quebec imposes an additional 9% withholding at the source.



^{*}The 9% Quebec Withholding Tax can be eliminated by applying for a Quebec Provincial Tax Waiver.

**Business Profits – Income derived by a non-resident corporation (or registered entity) and profits are not distributed to the artist, but to another person, whether directly or indirectly. Therefore, a corporation or entity owned by the Artist does not qualify.

Canadian Taxes for the Employees & Subcontractors of Non-Resident Artists

"Secondary Withholding"

15% must be Withheld from Employees & Subcontractors who work for Non-Resident Artists* Decision should be made concurrently with the decision regarding the Primary R-105 Waiver on whether or not to apply for an R-102/R-105 Secondary Waiver for **Employees & Subcontractors** Note: All US musician Employees & Subcontractors earning less than \$15,000 CAD are tax exempt as are all musician Employees & Subcontractors from any other country earning less than \$5,000 CAD. All non-music Employees & Subcontractors (i.e. tour manager, sound technician, etc...) from Treaty countries are also exempt from tax. **Decision** Prepare R-102/R-105 Secondary Waiver → Concurrently Withhold 15% from apply for Employee & Subcontractor Individual Tax payments made to Number (ITN) **Employees & Subcontractors. Send** Remittances to CRA CRA issues Waiver decision to Non-Resident Artist Employer Employer withholds if necessary and sends remittances to CRA **End of Year: Issue T4 Information Returns to Employees &

Subcontractors

^{*}There is now draft legislation in Canada that may eliminate the need to apply for an R-102 Tax Waiver in certain instances.

^{**} This same draft legislation may eliminate the need to issue T4 Information Returns in certain instances.

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