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.

**Situation 1**
Company from a country with whom Canada has a tax treaty with a “Business Profits” exemption and meets the CRA requirements for this exemption

Decision

Pay 15% Withholding

Apply for full Primary R-105 Waiver

If Incorporated/Registered/LLC: Apply for a Business Number (RC-1)

CRA issues Waiver decision to Artist & Buyer

Buyer withholds if necessary

Buyer issues T4A-NR to Artist & CRA

End of Year: Incorporated/LLC Artist files T2 Tax Return & T4 Information Return. Individual Artist may be required to file T1 Return

**Situation 2**
US artist earning less than the $15,000 CAD allowance, or non-resident artist from any other country earning less than the $5,000 CAD allowance

Decision

Pay 15% Withholding

Apply for Income & Expense Primary R-105 Waiver

**Situation 3**
US artist earning more than the $15,000 CAD allowance or non-resident artist from any other country earning more than the $5,000 CAD allowance

Decision

Pay 15% Withholding

*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.

● PREPARED BY: R.A.M. MANAGEMENT – ATTORNEYS AT LAW – 514-369-4412 – TAXWAIVERS.CA●
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.

PREPARED BY: R.A.M. MANAGEMENT – ATTORNEYS AT LAW – 514-369-4412 – TAXWAIVERS.CA

**End of Year: Issue T4 Information Returns to Employees & Subcontractors

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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.

Prepare R-102/R-105 Secondary Waiver ➔ Concurrently apply for Employee & Subcontractor Individual Tax Number (ITN)

CRA issues Waiver decision to Non-Resident Artist Employer

Employer withholds if necessary and sends remittances to CRA

Withhold 15% from payments made to Employees & Subcontractors. Send Remittances to CRA

**End of Year: Issue T4 Information Returns to Employees & Subcontractors

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*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.