

# Internal Taxation The Way Out of the Maze

*Arts in Perspective conversation*

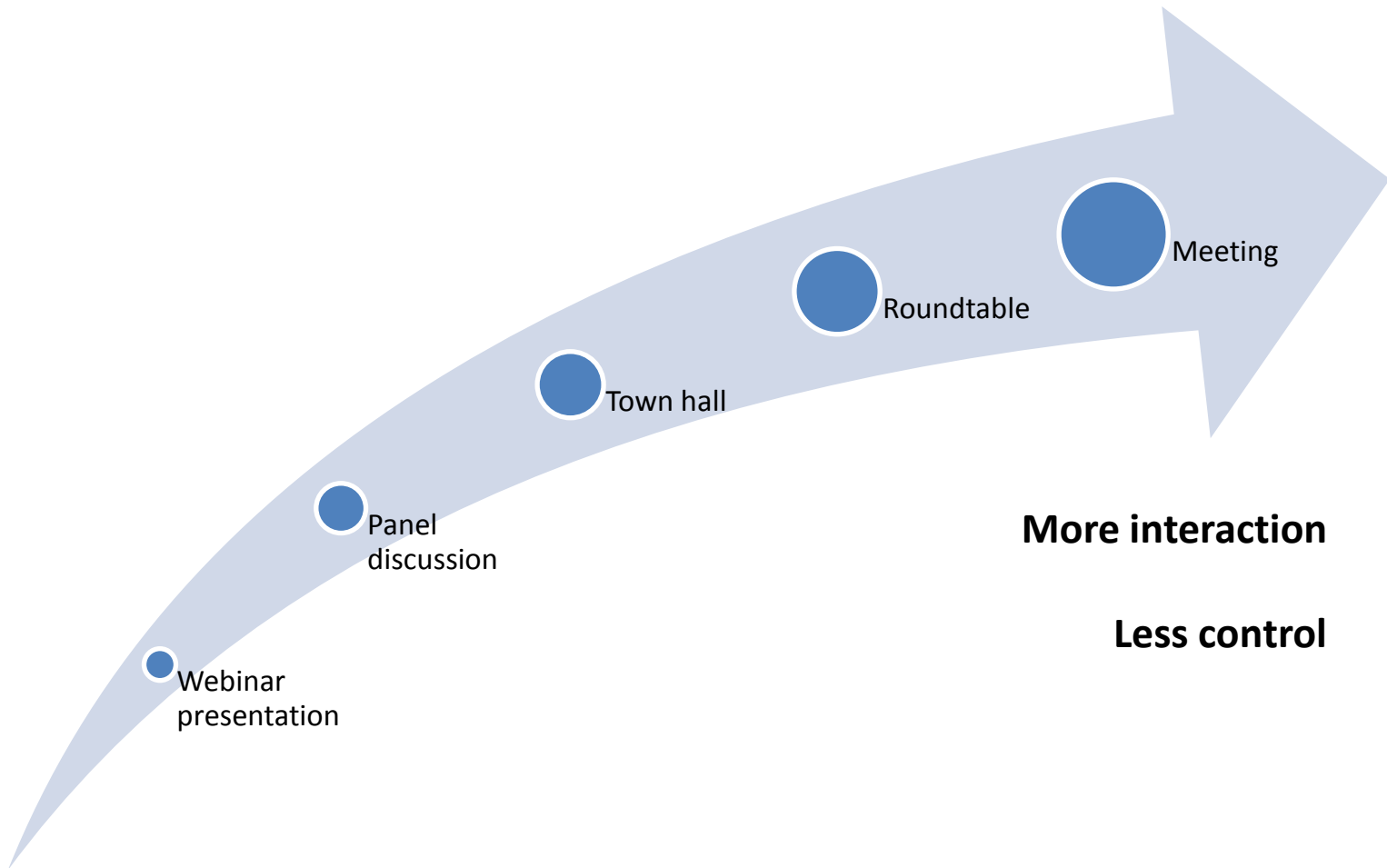
With Nadine Benny, Ulysse St-Jean and Frédéric Julien

February 21, 2017



CANADIAN ARTS  
PRESENTING ASSOCIATION  
ASSOCIATION CANADIENNE  
DES ORGANISMES ARTISTIQUES

# Arts in perspective



# Arts in Perspective

Interactive

Organic

Truth

Convivial

Respect

Generative

# Performing Arts Tax Working Group

- Arts Commons
- 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
- Festival Transamériques
- 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
- Small World Music Society
- Sunny Artist Management
- TOHU et Montréal Complètement Cirque
- CAPACOA
- Canada Revenue Agency
- ***You ?***



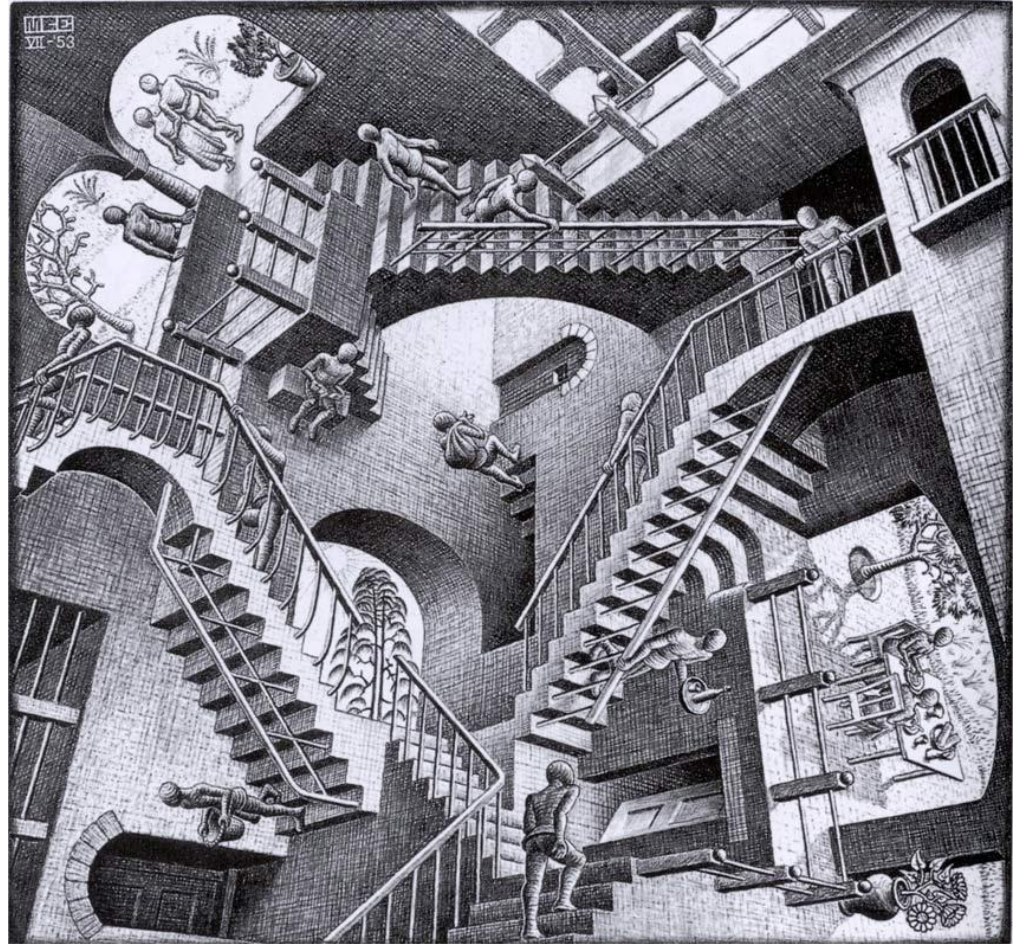
# ~~Agenda~~ Things we may talk about

(but don't absolutely have to)

- History and overview of international taxation
- Risks of non-compliance
- Tips to make your life easier
- Advocacy
- And your own stories

# NON-RESIDENT TAXATION IN CANADA

How did we get ourselves  
into this in the first place?



# History

- 1959-77: Article 17 of the OECD Model Tax Convention
  - OECD countries decided that performing artistes and sportsmen needed to pay income tax in the country of performance, regardless of the general rules for companies, self-employed persons or employees.

# History

- 1996: Auditor General report
  - The government is slammed for not combatting tax avoidance. It's the beginning of an era of greater scrutiny.
- 2005: CRA updated and reissued Information Circular 75-6R (IC75-6R2)
  - Current set of rules, but were not all immediately enforced.

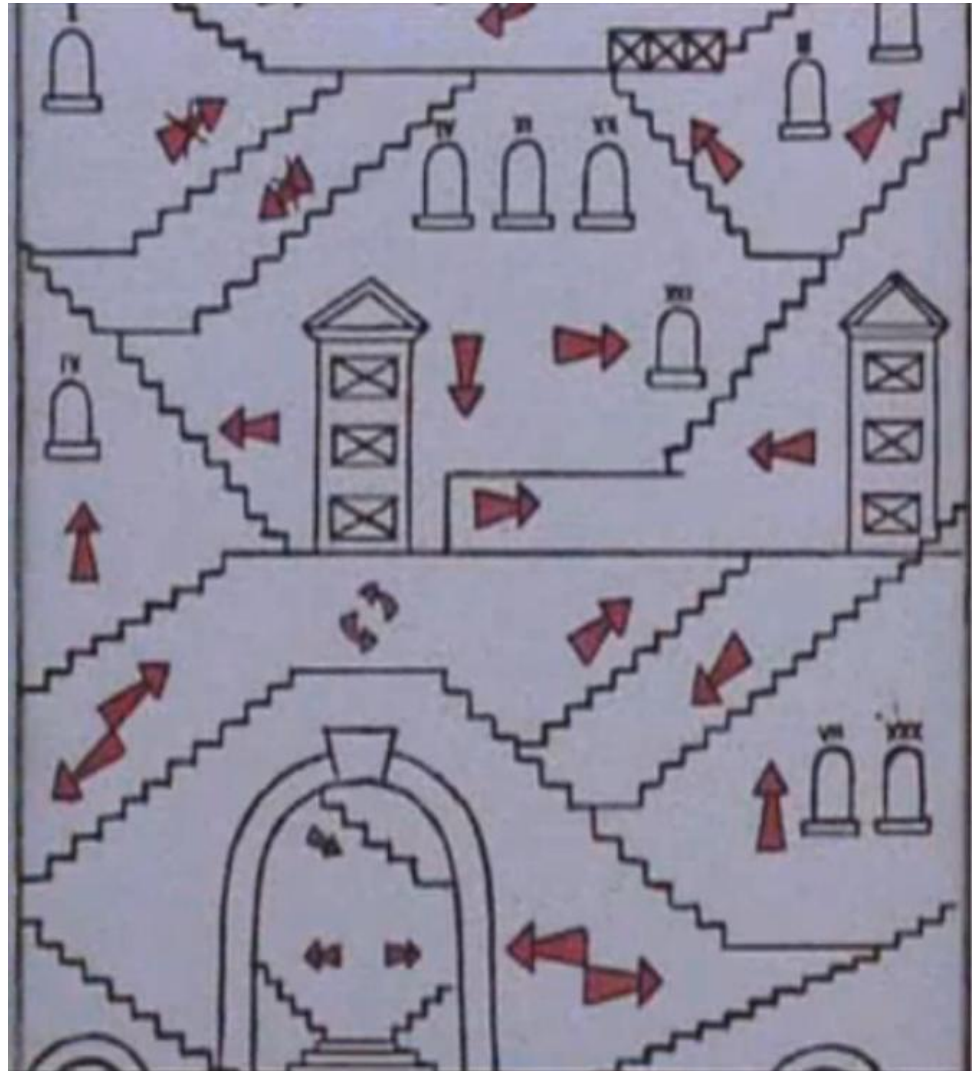


# History

- 2013: Federal budgets seeks tax simplification and compliance; vows to combat avoidance
  - Creation of Centres of expertise.
  - Standards for compliance are rigorously enforced.
  - Penalties for non-compliance are assessed.
- 2015-16: Employer certification program
  - Reduces the burden of information returns
  - Performing arts didn't benefit from it.

Non-Resident Taxation

# OVERVIEW



- Infographic

# Risks of non-compliance

## For Artists – T4A-NR and T2 Filings

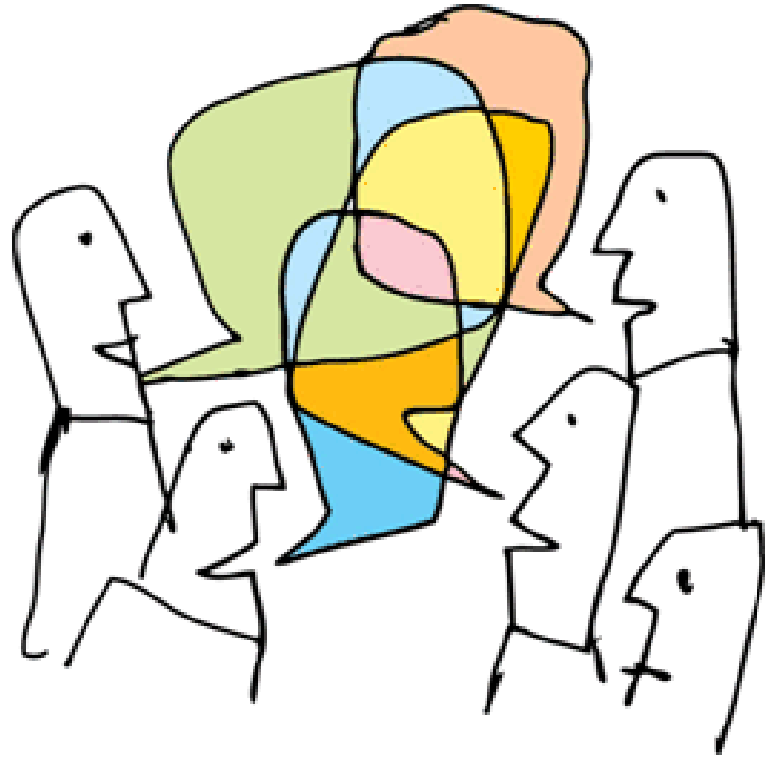
- Penalties and Interest
  - Individuals vs Corporations
- Arbitrary assessments
- Non-compliance ➡ Denial of waivers
- Aggressive collection ➡ Garnishing of fees

## For Venues – remittances and T4A-NR Filings

- Penalties and Interest

Questions, comments, cases?

# DISCUSSION



# What does a good case look like?

- Names of all parties involved
- Applicant type (for waivers)
- Exact dates (submission, performance, further correspondence)
- Artists fees
- Copies of correspondence with CRA
- Authorization to disclose information
- Photo



Dohl Foundation was presented by Small World Music Society on August 15, 2016. This presentation was challenging because band members resided in different countries, which made it difficult to assemble documentation for the waiver application. There were also delays with the waiver assessment.

# TIPS TO SURVIVE TAXATION







# A few serious tips...

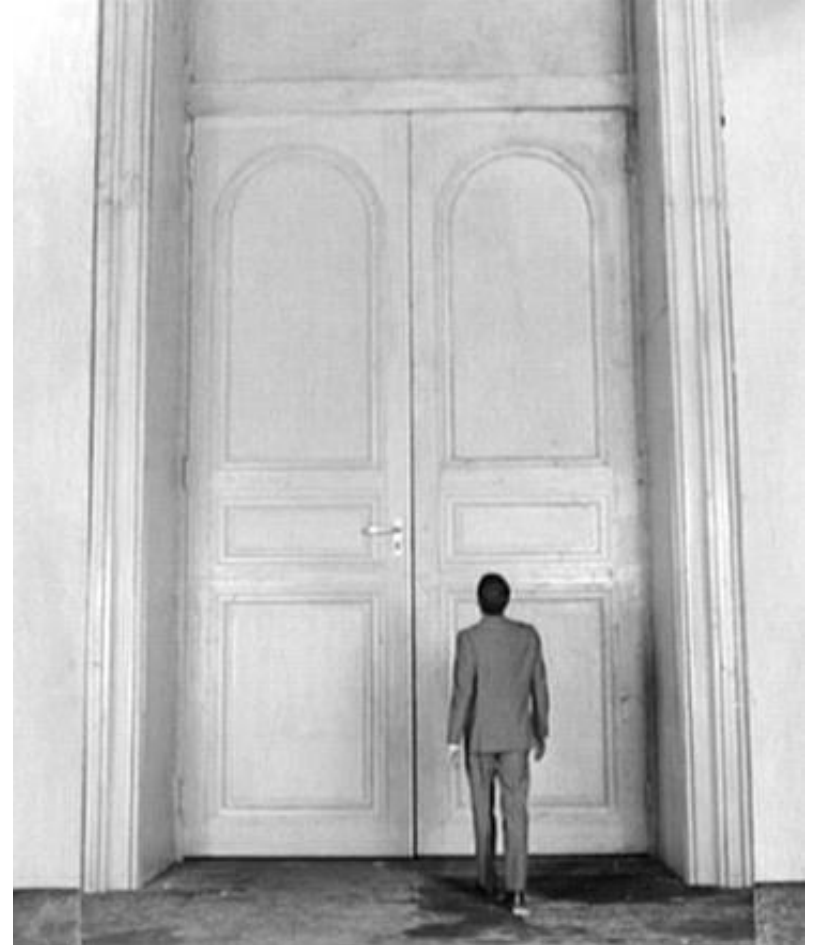
- Deposits sent before a waiver is issued are **automatically subject to withholding**
  - make sure your whole team knows the plan.
- Verify your **compliance record**:
  - Individuals: 1-800-959-8281
  - Corporations: 1-800-959-5525
- If possible, consider performing as an **individual** versus through a **corporate entity**



# A few serious tips...

- Watch out for Part XIII Tax on **equipment rented outside of Canada**
- Performances in Quebec: ALWAYS file for a **waiver of additional 9% provincial tax** (CO1016 for corps, TP1016 for individuals)
- **Start early** and submit **complete files**

# ADVOCACY



# Advocacy – What we've done

- 2014
  - Performing Arts Tax Working Group assembled
- 2015
  - Series of recommendations
  - Input on legislative proposals for certification program
- 2016
  - Began working with CRA
  - Brought Canadian Heritage into the fold

# Advocacy – What's next?

We need to raise awareness and to find champions

- Tell your MP
- Tell your program officers
- Tell the Canada Revenue Agency

Questions, comments, cases?

# DISCUSSION

