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# Non-Residents and Income Tax 2008

## Is this guide for you?

This guide is for you if you were a non-resident or a deemed non-resident of Canada for all of 2008.

Generally, you were a **non-resident** of Canada in 2008 if you normally, customarily, or routinely lived in another country and were not considered a resident of Canada for tax purposes. You will find a more detailed description of a non-resident on page 4.

You were a **deemed non-resident** of Canada in 2008 if you were a resident (including a deemed resident, defined on page 4) of Canada, and, under a tax treaty, you were considered to be a resident of another country. If this is the case, the same rules apply to you as to a non-resident (including the way you complete your return).

This guide will introduce you to the Canadian income tax system and will help you understand the tax implications of being a non-resident or a deemed non-resident.

This guide does **not** apply to you if you moved permanently to Canada in 2008, or if you emigrated from Canada in 2008. You should see Pamphlet T4055, *Newcomers to Canada*, or Guide T4056, *Emigrants and Income Tax*, whichever applies.

This guide also does **not** apply to you if, in 2008, you were a deemed resident of Canada and, under a tax treaty, you were not considered to be a resident of another country. You should get the *General Income Tax and Benefit Guide for Non-Residents and Deemed Residents of Canada*.

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## What's New for 2008?

We list below the year's major changes in this guide. For more details on these changes, see the areas outlined in colour in this guide.

**Disposition of tax treaty exempt property starting in 2009**  
– See page 9 for details.

**Elimination of withholding tax on arm's length interest paid or credited to non-residents** – See page 6 for details.

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## General information

### Before you start

#### Canada's tax system

Canada's tax system is similar to that of many countries. Employers and other payers usually deduct taxes from the income they pay you, and people with business income usually pay their taxes by instalments.

An important feature of the Canadian tax system is that you have the right and the responsibility to verify your income tax status each year and to make sure that you pay the correct amount of taxes according to the law.

Guide RC17, *Taxpayer Bill of Rights Guide: Understanding Your Rights as a Taxpayer*, outlines the fair treatment you are entitled to receive when you deal with us.

Each year, you determine your final tax obligation, on certain types of income, by completing an income tax return and sending it to us. On the return, you list your income and deductions, calculate federal and provincial or territorial tax, and determine if you have a balance of tax owing for the year, or whether you are entitled to a refund of some or all of the tax that was deducted from your income during the year.

Canada taxes residents and non-residents differently, see page 6 for more details on how Canada taxes non-residents. Therefore, before you can complete your Canadian income tax return, you must first determine your residency status.

#### Were you a non-resident in 2008?

You were a non-resident of Canada for tax purposes in 2008 if you did not have **residential ties** in Canada and:

- you lived outside Canada throughout the year (except if you were a deemed resident as defined on this page);
- you stayed in Canada for **less than 183 days** in the year; or
- under the *Income Tax Act* you were deemed not to be resident in Canada.

#### What are residential ties?

**Residential ties** may include:

- a home in Canada;
- a spouse or common-law partner (see the definition in your tax guide) and dependants who stayed in Canada;
- personal property, such as a car or furniture in Canada; and
- social ties in Canada.

Other ties that may be relevant include a Canadian driver's licence, Canadian bank accounts or credit cards, and health insurance with a Canadian province or territory.

For more information about residential ties, see Interpretation Bulletin IT-221, *Determination of an*

*Individual's Residence Status*, or contact the International Tax Services Office.

#### Were you a deemed resident in 2008?

You were a deemed resident of Canada for tax purposes in 2008 if you did not have **residential ties** in Canada (otherwise a non-resident, as defined on this page), but you temporarily stayed in Canada for 183 days or more in 2008 and, under a tax treaty, you were **not** considered a resident of another country.

##### Note

This situation does not apply to you if you left or entered Canada permanently in the year. See Guide T4056, *Emigrants and Income Tax*, or Pamphlet T4055, *Newcomers to Canada*, for tax rules that apply in that year.

#### The 183-day rule

To calculate the number of days you stayed in Canada in 2008, include each day or part of a day that you stayed in Canada, including:

- the days you attended a Canadian university or college;
- the days you worked in Canada; and
- any days or weekends you spent on vacation in Canada.

If you lived in the United States and commuted to work in Canada, do not include commuting days in the calculation.

#### Do you need help determining your residency status?

If, after reading the preceding information, you are still not sure whether you were a non-resident of Canada for tax purposes in 2008, complete Form NR74, *Determination of Residency Status (Entering Canada)*, and send it to the International Tax Services Office as soon as possible. We will provide you with an opinion of your residency status based on the information you give us.

#### Do you have to file a tax return?

You have to file a Canadian tax return for 2008 if **any** of the following apply to you:

- You have to pay tax for 2008.
- We sent you a request to file a return.
- You had a taxable capital gain or disposed of taxable Canadian property in 2008 (see page 8, *Disposing of certain types of Canadian property*).
- You filed Form NR5, *Application by a Non-Resident of Canada for a Reduction in the Amount of Non-Resident Tax Required to Be Withheld*, for 2008, and we approved it. If this is your situation, you have to file a return electing under section 217 of the *Income Tax Act*. See page 7 for details.
- You filed Form NR6, *Undertaking to File an Income Tax Return by a Non-Resident Receiving Rent From Real Property*

or *Receiving a Timber Royalty*, for 2008, and we approved it. If this is your situation, you have to file a separate return electing under section 216 of the *Income Tax Act*. See page 7 for details.

- You filed an application for a reduction in the amount of non-resident tax required to be withheld on income earned from acting in a film or video production in Canada for 2008, and we approved it. If this is your situation, you have to file a return electing under section 216.1 of the *Income Tax Act*. See page 7 for details.

Even if none of these requirements apply, you may still want to file a return if any of the following apply:

- You want to claim a refund.
- You want to carry forward the unused portion of your tuition amount (or education and textbook amounts if you qualify). See line 323 in your tax guide for details.
- You want to report income for which you could contribute to an RRSP, to keep your RRSP deduction limit (see line 208 in your tax guide) for future years up to date.

## Which tax package should you use?

- If you are reporting **only** income from employment in Canada, from a business, or partnership that had a permanent establishment in Canada (including a non-resident actor electing to file a return under section 216.1, see page 7 for details), use the *General Income Tax and Benefit Guide* and related forms book for the province or territory where you earned the income. The forms book includes the return you will need.

If you are **also** reporting other types of Canadian-source income (such as taxable scholarships, fellowships, bursaries, research grants, or capital gains from disposing of taxable Canadian property), you will need Form T2203, *Provincial and Territorial Taxes for 2008 – Multiple Jurisdictions*, to calculate your tax payable.

- If you are reporting **only** Canadian-source income from taxable scholarships, fellowships, bursaries, research grants, or capital gains from disposing of taxable Canadian property, or if you are filing an elective return under section 217 of the *Income Tax Act*, use the *General Income Tax and Benefit Guide for Non-Residents and Deemed Residents of Canada*. It includes the return you will need. For more information about elections, see pages 7 and 8.
- If you received rental income from real property in Canada or timber royalties on a timber resource property or a timber limit in Canada and you are electing to file a return under section 216 of the *Income Tax Act*, use Guide T4144, *Income Tax Guide for Electing Under Section 216* (see page 7 for details). It includes the return you will need.

## What date is your 2008 tax return due?

Generally, your return for 2008 has to be filed **on or before April 30, 2009**.

**Self-employed persons** – If you or your spouse or common-law partner carried on a business in Canada in 2008 (other than a business whose expenditures are

primarily in connection with a tax shelter), your return for 2008 has to be filed **on or before June 15, 2009**.

However, if you have a balance owing for 2008, you still have to pay it **on or before April 30, 2009**.

**Deceased persons** – If you are filing a Canadian return for someone who died in 2008, see Guide T4011, *Preparing Returns for Deceased Persons*, for details about your filing requirements and options.

### Note

If you are filing an elective return under section 216 or section 217 of the *Income Tax Act*, see Guide T4144, *Income Tax Guide for Electing Under Section 216*, or Pamphlet T4145, *Electing Under Section 217 of the Income Tax Act*, for the due dates of these types of returns.

**Send your completed return** to the International Tax Services Office. Use the envelope included in this guide. If you are an actor in the film and video industry and you are electing to file a Canadian income tax return under section 216.1 (see page 7 for details), send your return to the Film Services Unit of the applicable tax services office.

## Do you need a social insurance number (SIN)?

Your SIN is the authorized nine-digit number for income tax purposes under section 237 of the *Income Tax Act*. You have to give your SIN to anyone who prepares an information slip (such as a T4 or T5013) for you.

Your SIN card is **not** a piece of identification, and it should be kept in a safe place.

For more information, or to get an application for a SIN, you can visit the Service Canada Web site at [www.servicecanada.gc.ca](http://www.servicecanada.gc.ca) or call **1-800-622-6232**.

If you are outside Canada, you can write to: Service Canada, Social Insurance Registration Office, P.O. Box 7000, Bathurst NB E2A 4T1, CANADA, or call **506-548-7961**.

If you are not eligible to get a SIN, complete Form T1261, *Application for a Canada Revenue Agency Individual Tax Number (ITN) for Non-Residents* and send it to us as soon as possible. Do **not** complete this form if you **already** have a SIN, an individual tax number, or a temporary tax number.

If you have requested but not yet received a SIN or an ITN, and the deadline for filing your return is near, file your return without your SIN or ITN to avoid possible late-filing penalty and interest charges. Attach a note to your return to let us know.

# Taxing Canadian-source income

As a non-resident, you are subject to Canadian income tax on most Canadian-source income paid or credited to you during the year unless all or part of it is exempt under a tax treaty. Canada's income tax system uses the following two methods to calculate the tax payable on Canadian-source income you receive.

## Method 1 – Non-resident tax

Canadian financial institutions and other payers have to withhold non-resident tax at a rate of 25% on certain types of Canadian-source income that they pay or credit you as a non-resident of Canada. The most common types of income that could be subject to non-resident withholding tax include:

- dividends;
- rental payments;
- pension payments;
- Old Age Security pension;
- Canada Pension Plan or Quebec Pension Plan benefits;
- retiring allowances;
- registered retirement savings plan payments;
- registered retirement income fund payments; and
- annuity payments.

However, if there is a tax treaty between Canada and your country of residence, the terms of the treaty may reduce the rate of non-resident tax withheld on certain types of income. See "Tax treaties" on page 14 to find out if Canada has a tax treaty with your country of residence.

### Note

Effective January 1, 2008, the interest that you receive or that is credited to you is exempt from Canadian withholding tax if the payer is unrelated (arm's length) to you.

For information on rates of non-resident withholding tax for the various countries with which Canada has tax treaties, visit our Web site at [www.cra.gc.ca/partxiii-calculator](http://www.cra.gc.ca/partxiii-calculator), see Information Circular 76-12, *Applicable Rate of Part XIII Tax on Amounts Paid or Credited to Persons in Countries With Which Canada has a Tax Convention*, and Information Circular 77-16, *Non-Resident Income Tax*, or contact the International Tax Services Office.

## Do you have to report income that has non-resident tax withheld?

If, in 2008, non-resident tax was withheld on any of the types of income listed previously in method 1, you do not have to report the income or tax withheld on your Canadian return. In general, the non-resident tax withheld is your final tax obligation to Canada on this income.

However, if you receive rental income, certain pension payments, or film and video acting services income, you can choose to report these types of income on a Canadian

return and pay tax using an alternative taxing method. For details, see the section called "Elective returns" on page 7.

If you receive Old Age Security pension, you may have to file the *Old Age Security Return of Income* each year. For more information, get Guide T4155, *Old Age Security Return of Income Guide for Non-Residents*.

## Has your Canadian payer withheld too much non-resident tax?

If the provisions of a tax treaty were not considered, Canadian payers may have withheld non-resident tax from tax-exempt income, or they may have withheld more tax than was necessary. If this was your situation, you can ask us for a refund of the excess tax withheld by completing Form NR7-R, *Application for Refund of Part XIII Tax Withheld*.

We can only refund excess non-resident tax withheld if you complete and send us Form NR7-R no later than two years after the end of the calendar year in which the payer sent us the tax. For example, if the payer sent us more than the required amount of tax in 2008, you have to send us Form NR7-R by December 31, 2010.

## Transfers to registered plans or funds

Certain Canadian-source amounts that are otherwise subject to non-resident withholding tax can, instead, be transferred to a registered pension plan (RPP), a registered retirement income fund (RRIF), or a registered retirement savings plan (RRSP) without having this tax withheld.

These amounts may include payments out of an RPP, a deferred profit-sharing plan, a RRIF, an RRSP, or a retiring allowance. The transfers have to be direct transfers, and you have to complete Form NRTA1, *Authorization for Non-Resident Tax Exemption*, before the transfer can be made. For more information, contact us.

## Method 2 – Tax on taxable income

Certain types of income you earn in Canada must be reported on a Canadian income tax return. The most common types of income include:

- income from employment in Canada;
- income from a business carried on in Canada;
- taxable part of Canadian scholarships, fellowships, bursaries, and research grants; and
- taxable capital gains from disposing of taxable Canadian property.

You may be entitled to claim certain deductions from income to arrive at the taxable amount. You can also claim a credit for any tax withheld at source or paid on this income.

If there is a tax treaty between Canada and your country of residence, the terms of the treaty may reduce or eliminate the tax on certain types of this income. See the section called "Tax treaties" on page 14 to find out if Canada has a tax treaty with your country of residence. If it does, contact

the International Tax Services Office to find out if the provisions of the treaty apply to this income.

By completing the return, you determine whether you are entitled to a refund of some or all of the tax withheld, or you have a balance of tax owing for the year. Once we assess the return, we will issue you a *Notice of Assessment* to tell you of the result.

## Elective returns

Canadian payers are required to withhold non-resident tax on certain types of income paid or credited to you as a non-resident of Canada. This tax withheld is usually your final tax obligation to Canada on the income.

However, under sections 216, 216.1, and 217 of the *Income Tax Act*, you have the option of filing a Canadian tax return and paying tax on the types of Canadian-source income mentioned in the following sections using an alternative taxing method. By doing so, you may receive a refund of some or all of the non-resident tax withheld.

### Electing under section 216

As a non-resident of Canada, you may have received the following types of income in 2008:

- rental income from real property in Canada; or
- timber royalties on a timber resource property or a timber limit in Canada.

If so, you can choose to send us a **separate** return to report this income for the year. Choosing to send this return is called “electing under section 216 of the *Income Tax Act*.” This allows you to pay tax on your **net** Canadian-source rental or timber royalty income instead of on the **gross** amount. If the non-resident tax withheld on this income is more than the amount you have to pay under section 216, we will refund the excess to you.

For more information about electing under section 216, get Guide T4144, *Income Tax Guide for Electing Under Section 216*. This guide also contains the return you will need.

### Electing under section 216.1

For 2001 and subsequent years, if you are a non-resident actor, a non-resident withholding tax of 23% applies to amounts paid, credited, or provided as a benefit to you for film and video acting services rendered in Canada. Generally, the non-resident withholding tax is considered your final tax liability on the income.

However, you can choose to include this income on a Canadian income tax return for 2008. Choosing to file this return is called “electing under section 216.1 of the *Income Tax Act*.” By doing this, you may receive a refund of some or all of the non-resident tax withheld on this income.

Generally, if you choose to file a return under section 216.1, your return for 2008 has to be filed **on or before April 30, 2009**.

If you are a self-employed individual, your return for 2008 has to be filed **on or before June 15, 2009**. However, if you have a balance owing, you still have to pay it **on or before April 30, 2009**.

If you send us your return after the due date, your election will not be considered valid. The 23% non-resident withholding tax will be considered the final tax liability.

#### Note

This election does **not** apply to other persons employed or providing services within the movie industry, such as directors, producers, and other personnel working behind the scenes. It also does not apply to persons in other sectors of the entertainment industry, such as musical performers, ice or air show performers, stage actors or stage performers, or international speakers.

### Reducing tax withheld at source

If you intend to elect under section 216.1, you can apply to us for a reduction in the required amount of non-resident tax withheld on amounts paid, credited, or provided as a benefit to you for film and video acting services rendered in Canada. You have to apply **before** you provide the acting services in Canada. To apply complete Form T1287, *Application by a Non-Resident of Canada (individual) for a Reduction in the Amount of Non-Resident Tax Required to be Withheld on Income Earned From Acting in a Film or Video Production*, or Form T1288, *Application by a Non-Resident of Canada (corporation) for a Reduction in the Amount of Non-Resident Tax Required to be Withheld on Income Earned From Acting in a Film or Video Production*. For more information, visit our Web site at [www.cra.gc.ca/fis](http://www.cra.gc.ca/fis).

### Electing under section 217

As a non-resident, you may have received the following types of income in 2008:

- Old Age Security pension;
- Canada Pension Plan or Quebec Pension Plan benefits;
- superannuation and pension benefits;
- registered retirement savings plan payments;
- registered retirement income fund payments;
- death benefits;
- Employment Insurance benefits;
- retiring allowances;
- registered supplementary unemployment benefit plan payments;
- deferred profit-sharing plan payments;
- amounts received from a retirement compensation arrangement, or the purchase price of an interest in a retirement compensation arrangement;
- prescribed benefits under a government assistance program; and
- Auto Pact benefits.

If so, you may be able to include this income on a Canadian income tax return for the year and pay tax using an

alternative method. Choosing to send us this return is called “electing under section 217 of the *Income Tax Act*.” By doing this, you may receive a refund of some or all of the non-resident tax withheld.

For more information about electing under section 217, see Pamphlet T4145, *Electing Under Section 217 of the Income Tax Act*.

To file a section 217 income tax return, use the *General Income Tax and Benefit Guide for Non-Residents and Deemed Residents of Canada*, which includes all of the forms and schedules you will need to file your return.

### Electing under section 218.3

As of January 1, 2005, if you as a non-resident investor invest in Canadian mutual fund investments, you may have 15% tax withheld from assessable distributions paid or credited to you. Both the assessable distributions and the

withholding tax will be reported on an NR4 slip, *Statement of Amounts Paid or Credited to Non-Residents of Canada*. Generally, this 15% tax on the assessable distributions is considered the final tax obligation to Canada on that income.

A loss may be realized on your disposition of a Canadian mutual fund investment. You as the non-resident investor can apply your loss to offset any assessable distributions paid or credited to you after 2004, to the extent that your loss does not exceed your total assessable distributions paid or credited to you on the investment. For this purpose, you must file a Part XIII.2 tax return.

For more information, get Form T1262, *Part XIII.2 Tax Return for Non-Resident's Investments in Canadian Mutual Funds*.

## Disposing of certain types of Canadian property

### Types of Canadian property

As a non-resident of Canada, there are certain procedures to follow if you have disposed of, or are planning to dispose of, the following types of property:

- a taxable Canadian property (as outlined below);
- a life insurance policy in Canada;
- a Canadian real property (other than capital property);
- a Canadian resource property; or
- a Canadian timber resource property.

### Taxable Canadian property

For the procedures explained in the following section, taxable Canadian property includes:

- Canadian real estate;
- Canadian business property used in carrying on a business in Canada;
- designated insurance property belonging to an insurer;
- shares of corporations resident in Canada (excluding a mutual fund corporation) that are not listed on a designated stock exchange;
- capital interest in a Canadian resident trust (other than a unit trust);
- a unit of a Canadian resident unit trust (other than a mutual fund trust);
- certain shares of non-resident corporations that are not listed on a designated stock exchange (see the note that follows);
- certain partnership interests (see the note that follows); and
- an interest in a non-resident trust (see the note that follows).

### Note

A share or an interest in a non-resident corporation, partnership, or non-resident trust is considered to be a taxable Canadian property if the value of all the property in the entity was derived primarily from the value of the following properties:

- taxable Canadian property;
- Canadian resource property;
- timber resource property;
- income interest in a Canadian resident trust; or
- an interest or option to acquire a Canadian resource property, a timber resource property, or an income interest in a Canadian resident trust;

and, in the case of a share of a non-resident corporation or an interest in a non-resident trust, more than 50% of the value of the share or interest was derived from:

- real property in Canada;
- Canadian resource property; or
- timber resource property.

### Procedures to follow

If you disposed of, or are planning to dispose of, any of the types of property listed under “Types of Canadian property” on this page, you should follow these steps:

**Step 1** – Let us know about the disposition or proposed disposition by completing one of the following forms and sending it to us along with the payment to cover the resulting tax payable or acceptable security:

- Form T2062, *Request by a Non-Resident of Canada for a Certificate of Compliance Related to the Disposition of Taxable Canadian Property*;
- Form T2062A, *Request by a Non-Resident of Canada for a Certificate of Compliance Related to the Disposition of*



Canadian Resource or Timber Resource Property, Canadian Real Property (Other Than Capital Property), or Depreciable Taxable Canadian Property; or

- Form T2062B, *Notice of Disposition of a Life Insurance Policy in Canada by a Non-Resident of Canada*.

**Note**

Your insurance company would send Form T2062B and any required payment to us.

- Form T2062C, Notification of an Acquisition of Treaty-protected Property from a Non-resident Vendor.

**Step 2** – If you are letting us know about an **actual disposition** and you provide the payment to cover the resulting tax payable, or acceptable security, we will issue you a certificate of compliance, Form T2068, *Certificate – The Disposition of Property by a Non-Resident of Canada*.

**Note**

Notify us no later than 10 days after the actual disposition. The penalty that we may impose if you notify us more than 10 days after is \$25 per day, to a maximum of \$2,500. The minimum penalty is \$100.

If you are letting us know about a **proposed disposition** and you provide either the payment to cover the resulting tax payable or acceptable security, we will issue you a certificate of compliance, Form T2064, *Certificate – Proposed Disposition of Property by a Non-Resident of Canada*.

When you actually dispose of the property, if the facts and amounts of the actual disposition differ from those you reported to us for the proposed disposition, you should send us another completed form with the changes, and

provide us with acceptable security or any additional payment to cover the revised tax payable. We will then issue you a certificate of compliance, Form T2068.

**Note**

If you do not let us know about your disposition and we do not issue a certificate of compliance (Form T2064 or Form T2068), the purchaser may become liable to pay a specified amount of tax that arises from the disposition on behalf of the vendor. In this case, the purchaser is entitled to withhold 25% (50% on certain types of property) of the cost of the property acquired by the purchaser minus the amount of the certificate limit, if any, from the proceeds of disposition.

**Step 3** – Finally, you have to file a Canadian tax return to report the disposition.

Starting in 2009, if you dispose of taxable Canadian property and all the gain from the disposition is exempt under a tax treaty, you may not have to file a Canadian tax return. In addition, the purchaser may not be required to withhold tax.

All payments, excluding penalties that you or the buyer makes to us as a result of a disposition are considered interim payments. You make a final settlement of tax for the disposition when you file your return. If you make an overpayment, we will send you a refund with your *Notice of Assessment*.

For more information, see Information Circular 72-17, *Procedures Concerning the Disposition of Taxable Canadian Property by Non-Residents of Canada – Section 116*, or contact the International Tax Services Office.

## Completing your 2008 income tax return

To complete your tax return, use the information in this section along with the instructions provided in the *General Income Tax and Benefit Guide* or the *General Income Tax and Benefit Guide for Non-Residents and Deemed Residents of Canada*, whichever applies.

The information in this section is presented in the same order as it appears on your return. When you come to a line that applies to you, look it up in this section as well as in your tax guide.

Gather all the documents needed to complete your return. This includes information slips (such as the T4, T4A, T4A-NR, and T5013) and receipts for any deductions or credits you plan to claim.

You may have to complete **Schedule A**, *Statement of World Income*, and **Schedule D**, *Information About Your Residency Status*, and attach them to your return. You will find Schedules A and D in the centre of this guide.

If you were employed in Canada during 2008, your employer should have sent you, by the end of February 2009, a T4 information slip showing your earnings and the amount of tax deducted. If you have not received your T4 slip by early April, contact your employer.

### Identification

It is important that you complete the entire Identification area on page 1 of your return. We need this information to assess your return and to contact you. If you provide incomplete or incorrect information, the processing of your return, and any refund to which you may be entitled, will be delayed.

**Note**

If you are a non-resident actor electing to file a return under section 216.1, write “Actor’s election” at the top of page 1 of your return.

### Information about your residence

Complete the first line as follows:

- If you are reporting income from employment in Canada or from a business that had a permanent establishment in Canada, **enter on this line the name of the province or territory** where you earned the income.
- If you are reporting **only** other types of Canadian-source income (such as taxable scholarships, fellowships, bursaries, research grants, or capital gains from disposing of taxable Canadian property), enter “Other”

on this line. Do this even if you were staying in a province or territory on December 31.

On the second line, enter the name of the country where you normally reside.

On the third line, if you were **self-employed** during 2008, enter the province or territory where you had a permanent business establishment. If your business was carried on in Canada but was for a permanent establishment outside of Canada, enter "Other."

Attach a note to your return to let us know how many days you stayed in Canada during 2008.

## Goods and services tax/harmonized sales tax (GST/HST) credit application

As a non-resident, you are not eligible to receive the GST/HST credit. Therefore, do not complete this area on page 1 of your return.

## Schedule D, Information About Your Residency Status

If you are filing a provincial or territorial tax return and you are a non-resident, deemed non-resident, or a factual resident of Canada, complete Schedule D, and attach it to your return.

## Income

As a non-resident of Canada, you have to report certain types of Canadian-source income on your return. However, if Canada has a tax treaty with your country of residence, all or part of that income may be exempt from tax in Canada. To find out whether Canada has a tax treaty with your country of residence, see the section called "Tax treaties" on page 14.

## Employment income

If you received Canadian-source employment income (including tips, gratuities, and security option benefits) in 2008 with respect to the employment duties you performed in Canada in 2008 or an earlier year, report it on line 101 of your return.

Under some tax treaties, employment income is exempt if:

- it is less than a certain amount; or
- you were present in Canada for 183 days or less in the year and you received it from an employer who was not a resident of Canada and who did not have a permanent establishment in Canada.

If the income is exempt from Canadian tax under the provisions of a treaty, deduct the exempt amount on line 256 of your return.

If you are not sure if your employment income is taxable in Canada, contact the International Tax Services Office to find out how the provisions of the treaty apply to you.

For more information on reporting employment income earned in Canada, see Interpretation Bulletin IT-420, *Non-Residents – Income Earned in Canada*.

**If you were a resident of Canada in a previous year** and you left Canada before 2008, you may have to report certain types of Canadian-source income you may have received in 2008, such as employment income from a job you had **while you lived in Canada**. This could include vacation pay, sick-leave pay, bonuses, or security option benefits.

If, in 2008, you received employment income from a Canadian resident for work **you performed in another country**, you only have to report it on your return if, under the terms of an agreement or convention between Canada and another country, the employment income is exempt from tax in that other country.

For more information, contact the International Tax Services Office.

## Taxable capital gains

If you disposed of **taxable Canadian property** (see page 8), complete Schedule 3, *Capital Gains (or Losses) in 2008*, and attach it to your tax return for the year of the disposition. You will find Schedule 3 in your tax package. On line 127 of your return, report the taxable capital gain resulting from the disposition.

### Notes

Do not include on line 127 of your return any gain or loss from disposing of taxable Canadian property if, under a tax treaty, the taxable capital gain from the disposition is exempt from tax in Canada.

However, attach the completed Schedule 3, *Capital Gains (or Losses) in 2008*, showing the details of the disposition. Also, attach a note to your return stating that you have not included the gain or loss because of a tax treaty.

If you disposed of certain **other types of Canadian property** such as Canadian life insurance property, Canadian real property (other than capital property), Canadian resource property, or Canadian timber resource property, report the gain from the disposition on line 130 or line 135 (whichever applies) of your tax return. Do not report these dispositions on Schedule 3. Instead, attach a note or other document showing the details of the disposition. If, under a tax treaty, the gain is exempt from tax in Canada, claim an offsetting deduction on line 256 of your return.

For more information, see Guide T4037, *Capital Gains*.

## Scholarships, fellowships, bursaries, study grants, and artists' project grants

If you were a student in full-time attendance at a post-secondary educational institution in Canada, or if you moved from Canada to attend a post-secondary educational institution outside Canada, you have to report taxable Canadian scholarship, fellowship, bursary, and research grant income you received in 2008. Total all the amounts you received in 2008.

Report all post-secondary scholarships, fellowships, or bursaries of more than \$500 that you received in the year, if you are **not** entitled to the education amount for such amounts.

### Note

If you are an artist, see Pamphlet P105, *Students and Income Tax*, to determine the amount you must report on your return.

If you moved from Canada to do research or similar work under a grant, you have to report the Canadian research grant you received. Deduct your expenses from it, and include the net amount on line 104. Attach a list of your expenses to your return. For information on allowable expenses, see Interpretation Bulletin IT-75, *Scholarships, Fellowships, Bursaries, Prizes, Research Grants and Financial Assistance*.

If you receive money from a parent or guardian for support while you are in Canada, you do not have to include this money as income on your return.

## Fees, commissions, and self-employment income

If you received fees, commissions, or self-employment income, you may have been subject to tax under subsection 105(1) of the *Income Tax Regulations*. This subsection states that when a payment is made to you for services you rendered in Canada, **other than in the course of regular and continuous employment**, the payer has to withhold 15% of the gross amount.

This generally applies to lecturers, consultants, behind-the-scenes personnel working in the film industry, entertainers, artists, and athletes. If you received Canadian-source income that was subject to withholding tax under this subsection, report the income on your return, and claim the tax withheld, as shown on your T4A-NR slip, as a credit on line 437 of your return.

Report the gross income on line 162, 164, or 166, whichever applies, and the net income (i.e., gross income minus expenses) on line 135, 137, or 139, whichever applies, of your return. If all or part of this income is exempt from Canadian tax under the provisions of a tax treaty, deduct the exempt part on line 256 of your return.

### Note

Do not claim a loss from a business carried on in Canada if, under a tax treaty, the income from that business would be exempt from tax in Canada.

For more information about this type of withholding tax, or to find out how to apply for a tax waiver, see Information Circular 75-6, *Required Withholding From Amounts Paid to Non-Residents Providing Services in Canada*.

## Are you a non-resident actor providing services in Canada?

If you are a non-resident actor providing services in Canada, a non-resident tax of 23% applies to amounts paid, credited, or provided as a benefit to you for film and video acting services rendered in Canada. Generally, the non-resident withholding tax is considered your final tax liability on the income.

If you are electing to file a return under section 216.1, include your income on your return as either employment income (line 101) or self-employment income (gross income on line 162, 164, or 166 and net income on line 135, 137, or

139, whichever lines apply). For more information, see page 7.

## Deductions

Generally, you are entitled to claim the same deductions on your return as a resident of Canada. However, certain restrictions apply to the following deductions.

### Registered pension plan and registered retirement savings plan (RRSP) contributions

In general, you cannot deduct contributions you made to pension plans in other countries. If you contributed to a pension plan in another country, contact the International Tax Services Office to find out if you can deduct these amounts.

Depending on your RRSP deduction limit, you may be able to deduct contributions to an RRSP in Canada. Your RRSP deduction limit for 2008 is based on the Canadian-source earned income that you reported on your Canadian income tax returns for the years 1990 to 2007. Your RRSP deduction limit for 2008 is shown on the last *Notice of Assessment* or *Notice of Reassessment* issued to you subsequent to 1991.

For more information, see lines 207 and 208 in your tax guide, or see Guide T4040, *RRSPs and Other Registered Plans for Retirement*.

### Child care expenses

To determine whether you can claim child care expenses, read the information on Form T778, *Child Care Expenses Deduction for 2008*. Keep in mind that the expenses must have been paid to a **resident of Canada** for child care services provided in **Canada** during 2008.

For more information on child care expenses, and to make your claim, complete and attach Form T778 to your return.

### Moving expenses

Non-residents are usually not allowed to deduct moving expenses incurred for a move into, or out of, Canada.

However, if you were a **full-time student** during 2008, and you received a taxable Canadian scholarship, bursary, fellowship, or research grant, you may be eligible to deduct your moving expenses. For more information, see Form T1-M, *Moving Expenses Deduction*.

### Losses of other years

You may be entitled to deduct your unapplied non-capital losses of other years and your unapplied net capital losses of other years. You claim these losses on lines 252 and 253 respectively. For more information on claiming losses of other years, see Interpretation Bulletin IT-262, *Losses of Non-Residents and Part-Year Residents*. You should also contact the International Tax Services Office for the special rules that may apply to you.

### Calculating your taxes payable

If you are reporting income from employment in Canada or from a business that had a permanent establishment in

Canada, you will pay federal tax on that income plus tax to the province or territory where you earned the income.

If you are **also** reporting other types of Canadian-source income (such as taxable scholarships, fellowships, bursaries, research grants, or capital gains from disposing of taxable Canadian property), you will pay federal tax on that income plus the surtax for non-residents and deemed residents of Canada. You will need Form T2203, *Provincial and Territorial Taxes for 2008 – Multiple Jurisdictions*, to calculate your taxes payable.

## Federal tax and credits (Schedule 1)

Use Schedule 1, *Federal Tax*, to calculate your federal tax and any credits that apply to you.

### Schedule A, *Statement of World Income*

You have to complete Schedule A to report your world income. World income is income from Canadian sources and sources outside Canada. Your **net** world income, which is shown on Schedule A, is used to determine your allowable amount of non-refundable tax credits on Schedule B.

#### Note

Your income from sources outside Canada is reported only on your Schedule A.

### Federal non-refundable tax credits

These credits reduce the amount of your federal tax. They are called non-refundable because if the total of these credits is more than the amount you owe, you will not receive a refund for the difference.

The non-refundable tax credits that you can claim depend on the portion of net world income (line 14 of Schedule A) that is included in net income (line 236) on your return.

### Schedule B, *Allowable Amount of Non-Refundable Tax Credits*

Complete Schedule B to determine the amount of non-refundable tax credits that you can claim and to calculate your allowable amount of non-refundable tax credits.

If line A of Schedule B is **90% or more**, you can claim all the federal non-refundable tax credits that apply to you. Your allowable amount of non-refundable tax credits is the amount on line 350 of Schedule 1.

If you do not meet this 90% rule, you can claim only the following federal non-refundable tax credits that apply to you:

- Canada Pension Plan or Quebec Pension Plan contributions;
- Employment Insurance premiums;
- disability amount (for yourself);
- interest paid on Canadian student loans for post-secondary education made to you under the *Canada Student Loans Act*, the *Canada Student Financial Assistance Act*, or similar provincial or territorial government laws;

- tuition amount for yourself (except the education and textbook amounts); and
- donations and gifts.

Your allowable amount of non-refundable tax credits is 15% of the total of these credits.

#### Note

You will find a copy of Schedule A and Schedule B in the centre of this guide. For us to allow full federal non-refundable tax credits, you have to attach a completed Schedule A, *Statement of World Income*, to your return.

## Tuition, education, and textbook amounts

If you were a student, you can claim the tuition fees paid to an educational institution inside or outside Canada that provided courses at the post-secondary level that you took in 2008, plus any unused part of your tuition amount carried forward from a previous year. You cannot claim an amount for other expenses, such as board and lodging or students' association fees.

If the fees were paid or reimbursed by your employer, an employer of one of your parents, or an organization, you can claim them only if the payment or reimbursement was included in your or your parent's income.

Not all fees can be claimed. **More than \$100** for the year must have been paid to each educational institution in Canada to make it a deductible amount.

You can claim tuition fees paid to the following:

- a university, college, or other educational institution **in Canada**, if the fees were for a course at the post-secondary school level;
- an institution **in Canada** certified by the Minister of Human Resources and Social Development, if you were 16 or older on December 31, 2008, and the fees were for courses to develop or improve skills in an occupation; and
- a university **outside Canada** if you were enrolled in full-time attendance in a course (of at least 13 consecutive weeks duration) leading to a degree.

You can carry forward and claim in future years the part of your tuition amount that you do not need to use to reduce your 2008 federal tax to zero, or that you did not transfer to another individual in 2008.

In addition, you may be entitled to claim the education and textbook amounts if, in 2008, the total of your Canadian-source income that is included in your net income on line 236 of your return represents **90% or more** of your 2008 net world income.

To make your claim for the tuition amount, your educational institution has to complete and give you an official tax receipt, Form T2202A, *Tuition, Education, and Textbook Amounts Certificate*, or Form TL11A, *Tuition, Education, and Textbook Amounts Certificate – University Outside Canada*.

To make your claim for the education and textbook amounts, your institution has to complete and give you

either Form T2202A, *Tuition, Education, and Textbook Amounts Certificate*, Form T2202, *Education and Textbook Amounts Certificate*, Form TL11A, *Tuition, Education, and Textbook Amounts Certificate – University Outside Canada*, or Form TL11B, *Tuition, Education, and Textbook Amounts Certificate - Flying School or Club*, to confirm the period you were enrolled in a qualifying educational program.

You can find details on tuition, education, and textbook amounts by visiting our Web site at [www.cra.gc.ca/students](http://www.cra.gc.ca/students) or see line 323 in the *General Income Tax and Benefit Guide*.

## Provincial or territorial tax (Form 428)

Use Form 428 for the province or territory where you earned employment income in Canada or income from a business that had a permanent establishment in a province or territory of Canada to calculate your provincial or territorial tax.

If you have to pay Quebec provincial tax, you must file a Quebec provincial return. You can get information about your Quebec tax liability by contacting Revenu Québec.

For another province or territory, see the *General Income Tax and Benefit Guide* and the forms book for the province or territory where you earned your income.

If you earned income from more than one province or territory in Canada, you will need Form T2203, *Provincial and Territorial Taxes for 2008 – Multiple Jurisdictions*, to calculate your provincial or territorial (except Quebec) tax payable. Attach a copy of Form T2203 to your return.

## Provincial or territorial non-refundable tax credits

Provincial or territorial non-refundable tax credits are used to reduce your provincial or territorial tax payable (except Quebec). Eligibility for claiming provincial or territorial non-refundable tax credits is the same as for the corresponding federal non-refundable tax credits.

However, the provincial or territorial amounts used in the calculation will differ in most cases.

As a non-resident, you are allowed to claim the provincial or territorial non-refundable tax credits that correspond with the federal non-refundable tax credits you claimed on your federal Schedule 1.

The 90% rule outlined under “Schedule B, *Allowable Amount of Non-Refundable Tax Credits*” on page 12 also applies in determining your provincial or territorial non-refundable tax credits. Complete Schedule B to calculate the allowable amount of these credits.

## Provincial or territorial tax credits

Generally, you cannot claim provincial or territorial tax credits if you are not a resident of that province or territory.

## Overpayments to the Canada Pension Plan (CPP) and the Quebec Pension Plan (QPP)

If you were a non-resident of Canada, any overpayment of CPP or QPP contributions will be refunded or used to

reduce your balance on your **federal** income tax return. You can claim on line 308 of Schedule 1, in dollars and cents, the total of the CPP or QPP contributions shown in boxes 16 and 17 of your T4 slips, and the Canada Revenue Agency will calculate the overpayment for you. You can also calculate your overpayment by using Form T2204, *Employee Overpayment of 2008 Canada Pension Plan Contributions and 2008 Employment Insurance Premiums*.

If you are filing the Quebec federal return, enter the amount of your overpayment, if any, on page 4 of your return by writing 5552 above line 437, and entering the amount to the right of this code. Add this amount to your total credits on line 482.

If you are filing a federal return for another province or territory, enter the overpayment on line 448 of your return.

## Line 485 – Balance owing

If your total payable (line 435) is more than your total credits (line 482), enter the difference on line 485. This amount is your balance owing. Your balance is due no later than April 30, 2009. Generally, if the difference is \$2 or less for 2008, you do not have to make a payment.

If you or your representative has a bank account at a financial institution in Canada through which you can make a payment, you or your representative can make your payment in several different ways. For more information, see line 485 in the *General Income Tax and Benefit Guide*.

If you or your representative do not have a bank account at a financial institution in Canada, you or your representative can make your payment using:

- an international money order drawn in Canadian dollars;
- a bank draft in Canadian funds drawn on a Canadian bank (available at most foreign financial institutions); or
- a cheque drawn in the currency of the country in which the financial institution is located. We will use the exchange rate in effect when we cash your cheque.

We cannot immediately negotiate a cheque drawn in Canadian funds on a financial institution outside Canada, since it may take several weeks to collect the funds from the foreign financial institution. Therefore, you should remit your payment early to avoid or reduce any interest charges. Once we receive the funds from the foreign financial institution, we will update the account accordingly. Due to the limits set by the banking community, we cannot accept cheques drawn in Canadian funds on a financial institution outside Canada for less than CAN\$400.

### Notes

To help us process your payment correctly, please write your social insurance number, individual tax number, or temporary tax number on the **back** of your cheque or money order. For more information, see “Do you need a social insurance number (SIN)?” on page 5.

Do **not** mail us cash or include it with your return.

## Tax treaties

Canada has income tax conventions or agreements (commonly referred to as tax treaties) with many countries. These tax treaties are designed to avoid double taxation for those who would otherwise have to pay tax in two countries on the same income. Generally, tax treaties determine how much each country can tax income such as wages, salaries, pensions, and interest. For more information, visit our Web site at [www.cra.gc.ca/treaties](http://www.cra.gc.ca/treaties).

If you receive Canadian-source employment income or Canadian self-employment business income that is exempt from tax in Canada because of a tax treaty, you can ask your employer or the payer not to withhold tax. However, before your employer or the payer can stop withholding tax from your income, you need a waiver letter from us. Send your request for a waiver letter to your Canadian employer's or the payer's tax services office. If the officials at the tax services office agree that you qualify, they will send you a waiver letter to give to your employer or payer.

Canada has tax treaties with the following countries:

Algeria	Finland	Latvia	Senegal
Argentina	France	Lithuania	Singapore
Armenia	Germany	Luxembourg	Slovak Republic
Australia	Guyana	Malaysia	Slovenia
Austria	Hungary	Malta	South Africa
Azerbaijan	Iceland	Mexico	Spain
Bangladesh	India	Moldova	Sri Lanka
Barbados	Indonesia	Mongolia	Sweden
Belgium	Ireland	Morocco	Switzerland
Brazil	Israel	Netherlands	Tanzania
Bulgaria	Italy	New Zealand	Thailand
Cameroon	Ivory Coast	Nigeria	Trinidad and Tobago
Chile	Jamaica	Norway	Tunisia
China, (PRC)	Japan	Oman	Ukraine
Croatia	Jordan	Pakistan	United Arab Emirates
Cyprus	Kazakhstan	Papua New Guinea	United Kingdom
Czech Republic	Kenya	Peru	United States
Denmark	Korea, Republic of	Philippines	Uzbekistan
Dominican Republic	Kuwait	Poland	Venezuela
Ecuador	Kyrgyzstan	Portugal	Vietnam
Egypt		Romania	Zambia
Estonia		Russia	Zimbabwe

## For more information

In this guide, we use plain language to explain the most common tax situations. If you need more information after reading this guide, you can visit our Web site at [www.cra.gc.ca](http://www.cra.gc.ca), or you can contact the International Tax Services Office (see the back cover of this guide).

If you work in the film or video production industry and you need more information, you can visit our Web site at [www.cra.gc.ca/fis](http://www.cra.gc.ca/fis). You can find the telephone numbers, fax numbers, and addresses for the film services units on our Web site.

### Tax Information Phone Service (T.I.P.S.)

For personal and general tax information, use our automated service T.I.P.S. by calling **1-800-267-6999** (calls from Canada and the United States). You can find more information on T.I.P.S. in the *General Income Tax and Benefit Guide*.

### Publications

Throughout this guide, we mention forms, pamphlets, interpretation bulletins, information circulars, and other guides that give more details on specific tax topics. We will mail you some of them by late February, depending on the information on your return for 2007.

You can get most of the publications mentioned in this guide, as well as a copy of the *General Income Tax and Benefit Guide* and the forms book, on our Web site at [www.cra.gc.ca/forms](http://www.cra.gc.ca/forms) or by calling **1-800-959-2221** (from Canada and the U.S.). If you are outside Canada and the U.S., call the International Tax Services Office.

You can also get the *General Income Tax and Benefit Guide for Non-Residents and Deemed Residents of Canada* from any Canadian embassy, high commission, or consulate.

# International Tax Services Office

International Tax Services Office  
Canada Revenue Agency  
2204 Walkley Road  
Ottawa ON K1A 1A8  
CANADA

## Regular hours of service

Monday to Friday (holidays excluded)  
8:15 a.m. to 5:00 p.m. (Eastern Time)

## Extended hours of telephone service

### From mid-February through the end of April

Monday to Thursday (holidays excluded) 8:15 a.m. to 9:00 p.m. (Eastern Time)

Friday (holidays excluded) 8:15 a.m. to 5:00 p.m. (Eastern Time)

Calls from Canada and the U.S. .... 1-800-267-5177

Calls from outside Canada and the U.S. .... 613-952-3741

Fax number ..... 613-941-2505

We accept collect calls.

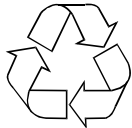
## Your opinion counts!

We review this guide every year. If you have any comments or suggestions that would help us improve it, we would like to hear from you. Please send your comments to:



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