

Foreign Employers of Cross-Border Employees — Deadline Extended to March 1 for Canadian Tax Relief

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Non-Canadian resident employers who have non-resident employees working in Canada now have until March 1, 2016 to request that a new exception from withholding tax rules apply to them retroactively on January 1, 2016. Previously, the deadline for these applications was February 1, 2016.

Non-resident employers and employees may qualify for an exception from the Regulation 102 rules requiring employers to withhold Canadian tax on income earned in Canada by their non-resident employees. This exception takes effect January 1, 2016.

The CRA does not anticipate giving retroactive approvals but as a transitional measure, all applications for employer eligibility the CRA receives by March 1, 2016 will be considered for a retroactive effective date of January 1, 2016. As such, employers who want to apply the exception to their eligible employees from January 1, 2016 must act quickly to meet the March 1 deadline to submit their applications.

Employers can apply for eligibility for the exception using Form RC 473, Application for Non-Resident Employer Certification, which the CRA released on January 12, 2016. The CRA also released new guidance on the application process. For details, see KPMG's *TaxNewsFlash-Canada* 2016-02, "[Foreign Employers of Cross-Border Employees — Apply Now for Canadian Tax Relief](#)".

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We can help

Your KPMG adviser can help you assess the effect of the new withholding tax exemption on your business and your employees, and point out ways to take advantage of any benefits arising from the exemption or help mitigate its impact. For more details on this new exemption and its potential impact on you and your employees, contact your KPMG adviser.

Information is current to January 28, 2016. The information contained in this *TaxNewsFlash-Canada* is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation. For more information, contact KPMG's National Tax Centre at 416.777.8500.

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