

## Canada: New documentation requirements for relief at source

Further to our *Taxflash* T11030, dated 3 June 2011, concerning the new tax certification requirements of the Canadian Revenue Agency (CRA), we would like to inform customers that, effective

**1 January 2012**

for all eligible non-resident beneficial owners applying, via the Clearstream Banking<sup>1</sup> procedure, for relief at source from withholding tax on income from Canadian securities by virtue of a Double Taxation Treaty (DTT) between their country of residence and Canada, the new CRA Form NR301 will be required as proof of residency.

### Background

The CRA has recently issued the following new tax forms for use by nominees/agents or financial intermediaries as supporting certification to validate and determine whether non-resident beneficial owners are eligible for DTT relief:

Form	Applicability	Available at
NR301	Non-resident - General	<a href="http://www.cra-arc.gc.ca/E/pbg/tf/nr301/README.html">http://www.cra-arc.gc.ca/E/pbg/tf/nr301/README.html</a>
NR302	Partnership	<a href="http://www.cra-arc.gc.ca/E/pbg/tf/nr302/README.html">http://www.cra-arc.gc.ca/E/pbg/tf/nr302/README.html</a>
NR303	Hybrid entity	<a href="http://www.cra-arc.gc.ca/E/pbg/tf/nr303/README.html">http://www.cra-arc.gc.ca/E/pbg/tf/nr303/README.html</a>

As of 1 January 2012, nominees/agents or financial intermediaries must be able to provide up-to-date documentation to determine a final beneficial owner's identity, tax country of residency and eligibility for DTT relief.

### Impact on customers

Only beneficial owners that qualify as non-residents as per Form NR301 will be eligible to claim DTT relief at source through Clearstream Banking. Hybrid Entities (NR302) and Partnerships (NR303) are not considered eligible and must apply for a refund via the standard refund procedure instead.

For DTT relief at source, the new Form NR301 is to be provided as follows:

- For customers holding proprietary assets  
An original Form NR301, signed by the customer as final beneficial owner qualifying for DTT relief (as per Form NR301), must be submitted to us directly.
- For customers acting as intermediary  
An original Form NR301, signed by the final beneficial owner qualifying for DTT relief (as per Form NR301), must be submitted to and retained by the customer, who must provide it promptly to us upon request at any time.  
  
The customer must exercise due diligence with respect to the information provided on this form and must verify whether the information is sufficient to claim DTT relief on behalf of the final beneficial owner.

1. Clearstream Banking refers to Clearstream Banking, société anonyme, registered office at 42, avenue John F. Kennedy, L-1855 Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B-9248 (CBL).

## Conditions of use

Form NR301 is valid for three years from the end of the calendar year in which it is signed and dated by the final beneficial owner.

**N.B.: Form NR301 must be dated before the first relevant dividend payment.**

Payments for which a valid Form NR301 has not been provided by the beneficial owner, either to us directly or to the customer, as appropriate, will be taxed at the maximum withholding tax rate of 25%.

## Additional documentation

We are, in addition, preparing a new one-time certificate for the relief at source procedure that will be available shortly. This new form will replace the "Request for Application of a Reduced Rate of Canadian Withholding Tax", which will cease to be valid after 31 December 2011.

In this new one-time certificate, customers will be required to certify that a valid Form NR301 has been obtained from each underlying non-resident beneficial owner on whose behalf DTT relief is being claimed via the relief at source procedure.

In order to allow sufficient time to comply with the new requirements and regulations, we recommend that customers already start to prepare the above-mentioned NR301 certification for your beneficial owners.

## Further information

For further information, please contact the Clearstream Banking Tax Help Desk on:

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or Clearstream Banking Customer Service or your Relationship Officer.

For more general information regarding our products and services, please visit [www.clearstream.com](http://www.clearstream.com).

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