



INVESTMENT INDUSTRY ASSOCIATION OF CANADA  
ASSOCIATION CANADIENNE DU COMMERCE DES VALEURS MOBILIÈRES

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August 24, 2011

Ms. Janet Schermann  
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Dear Ms. Schermann:

**Re: NR301, NR302 and NR303 Eligibility Declaration for Tax Treaty Benefits**

The Investment Industry Association of Canada (IIAC), representing 180 members, ranging in size from small regional firms to mid-size and large organizations, is writing further to our September 28, 2009 [letter](#) to request a delay in implementation of new non-resident reporting requirements. Released by the Canada Revenue Agency (CRA) on April 19, 2011, these requirements relate to forms NR301 – Declaration of eligibility for benefits under a treaty for a non-resident taxpayer, NR302 – Declaration of eligibility for benefits under a treaty for a partnership with non-resident partners, and NR303 – Declaration of eligibility for benefits under a tax treaty for a hybrid entity (the Forms).

We understand that the recent release reflects, among other things, CRA's amended administrative policy regarding the information required to support a payor's decision to withhold on – and the rate of withholding under Part XIII of the *Income Tax Act* (the Act) applicable to – payments to persons resident in a country with which Canada has a tax treaty. While the Forms are not prescribed or mandatory, Canadian resident payors must still obtain any unavailable information set out in the Forms or risk penalties and interest, as well as liability for any amount not properly withheld.

Ms. Janet Schermann  
Re: NR301, NR302 and NR303  
August 24, 2011

- 2 -

Non-resident recipients of certain types of payments made by a resident of Canada are required to provide the payor with the applicable Form within a transitional period ending – or, if the Forms are not used, each payor must have or obtain “recent and sufficient” information by – December 31, 2011. As said in our September 28, 2009 letter, we believe that it will take time to operationalize acquisition, verification and inputting of the relevant information *from the time the new requirements are finalized*. This time is needed to modify processes; develop, test and implement systems changes; enter and check data; and undertake reviews where necessary.

While our membership is moving to undertake changes, our members’ experience with projects of this nature suggest that 18 months will be the minimum time required, to which some time must be added to reflect the diversion of resources to general annual tax processing changes and new RRSP/RRIF anti-avoidance proposals. Given some similarity between U.S. *Foreign Account Tax Compliance Act* (FATCA) requirements and information required for the eligibility declarations, there would be also synergies for our members on procedural matters if aspects of the two initiatives could be implemented at the same time. In view of the CRA commitment to small businesses, and the fact that three quarters of our members are small businesses by Statistics Canada’s definition, we hope that a delay until the end of December 2012 or June 2013 is possible.

We would be pleased to provide further information or answer any questions you may have and hope to follow up with you shortly to discuss this matter.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Janet Schermann".