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Non-resident withholding tax rates for treaty countries[1]

Country[2]	Interest[3]	Dividends[4]	Royalties[5]	Pensions/ Annuities[6]
Algeria	15%	15%	0/15%	15/25%
Argentina[7]	12.5	10/15	3/5/10/15	15/25
Armenia	10	5/15	10	15/25
Australia	10	5/15	10	15/25
Austria[8]	10	5/15	0/10	25
Azerbaijan	10	10/15	5/10	25
Bangladesh	15	15	10	15/25
Barbados[8]	15	15	0/10	15/25
Belgium	10	5/15	0/10	25
Brazil	15	15/25	15/25	25
Bulgaria[7]	10	10/15	0/10	10/15/25
Cameroon	15	15	15	25
Chile[7]	15	10/15	15	15/25
China, People's Rep[9]	10	10/15	10	25
Columbia	10	5/15	10	15/25
Croatia	10	5/15	10	10/15
Cyprus	15	15	0/10	15/25
Czech Republic	10	5/15	10	15/25
Denmark	10	5/15	0/10	25
Dominican Republic	18	18	0/18	18/25
Ecuador[7]	15	5/15	10/15	15/25
Egypt	15	15	15	25
Estonia[7]	10	5/15	10	10/15/25
Finland	10	5/15	0/10	15/20/25

Current as of January 21, 2013

Non-resident withholding tax rates for treaty countries (continued)

Country[2]	Interest[3]	Dividends[4]	Royalties[5]	Pensions/ Annuities[6]
France[8]	10%	5/15%	0/10%	25%
Gabon	10	15	10	25
Germany	10	5/15	0/10	15/25
Greece	10	5/15	0/10	15/25
Guyana	15	15	10	25
Hong Kong[10]	(10)	(5/15)	(10)	(25)
Hungary	10	5/15	0/10	10/15/25
Iceland	10	5/15	0/10	15/25
India	15	15/25	10/15/20	25
Indonesia	10	10/15	10	15/25
Ireland	10	5/15	0/10	0/15/25
Israel	15	15	0/15	15/25
Italy	10	5/15	0/5/10	15/25
Ivory Coast	15	15	10	15/25
Jamaica	15	15	10	15/25
Japan	10	5/15	10	25
Jordan	10	10/15	10	25
Kazakhstan[7]	10	5/15	10	15/25
Kenya	15	15/25	15	15/25
Korea, Rep. of	10	5/15	10	10/15/25
Kuwait	10	5/15	10	15/25
Kyrgyzstan	15	15	0/10	15/25
Latvia[7]	10	5/15	10	10/15/25
Lebanon[10]	(10)	(5/15)	(5/10)	(15/25)
Lithuania[7]	10	5/15	10	10/15/25

Non-resident withholding tax rates for treaty countries (continued)

Country[2]	Interest[3]	Dividends[4]	Royalties[5]	Pensions/ Annuities[6]
Luxembourg[8]	10%	5/15%	0/10%	25%
Malaysia	15	15	15	15/25
Malta	15	15	0/10	15/25
Mexico	10	5/15	0/10	15/25
Moldova	10	5/15	10	15/25
Mongolia	10	5/15	5/10	15/25
Morocco	15	15	5/10	25
Namibia[10]	(10)	(5/15)	(0/10)	(0/25)
Netherlands	10	5/15	0/10	15/25
New Zealand[8]	15(10)	15(5/15)	15(5/10)	15/25(15/25)
Nigeria	12.5	12.5/15	12.5	25
Norway	10	5/15	0/10	15/25
Oman	10	5/15	0/10	15/25
Pakistan	15	15	0/15	25
Papua New Guinea	10	15	10	15/25
Peru[7]	15	10/15	15	15/25
Philippines	15	15	10	25
Poland[8]	15(10)	15(5/15)	0/10(5/10)	15/25(15/25)
Portugal	10	10/15	10	15/25
Romania	10	5/15	5/10	15/25
Russian Federation	10	10/15	0/10	25
Senegal	15	15	15	15/25
Serbia[10]	(10)	(5/15)	(10)	(15/25)

Non-resident withholding tax rates for treaty countries (continued)

Country[2]	Interest[3]	Dividends[4]	Royalties[5]	Pensions/ Annuities[6]
Singapore	15%	15%	15%	25%
Slovak Republic	10	5/15	0/10	15/25
Slovenia	10	5/15	10	15/25
South Africa[7]	10	5/15	6/10	25
Spain	15	15	0/10	15/25
Sri Lanka	15	15	0/10	15/25
Sweden	10	5/15	0/10	25
Switzerland	10	5/15	0/10	15/25
Tanzania	15	20/25	20	15/25
Thailand	15	15	5/15	25
Trinidad & Tobago	10	5/15	0/10	15/25
Tunisia	15	15	0/15/20	25
Turkey	15	15/20	10	15/25
Ukraine	10	5/15	0/10	25
United Arab Em.	10	5/15	0/10	25
United Kingdom[11]	10	5/15	0/10	0/10/25
United States[12]	0	5/15	0/10	15/25
Uzbekistan	10	5/15	5/10	25
Venezuela[7]	10	10/15	5/10	25
Vietnam[7]	10	5/10/15	7.5/10	15/25
Zambia	15	15	15	15/25
Zimbabwe	15	10/15	10	15/25

Non-resident withholding tax rates for treaty countries (continued)

Notes

(1) The actual treaty should be consulted to determine if specific conditions, exemptions or tax-sparing provisions apply for each type of payment. The rates indicated in the table apply to payments from Canada to the treaty country; in some cases, a treaty may provide for a different rate of withholding tax on payments from the other country to Canada.

(2) As of January 21, 2013, Canada is negotiating or renegotiating tax treaties or protocols with the following countries:

Australia	Madagascar (new)	Spain
China (PRC)	Malaysia	United Kingdom
Israel	Netherlands	

(3) Canada eliminated its domestic withholding tax on certain arm's-length interest payments, however non-arm's length payments continue to be subject to a 25% withholding tax.

(4) Dividends subject to Canadian withholding tax include taxable dividends (other than capital gains dividends paid by certain entities) and capital dividends.

The withholding tax rate on dividends under the terms of Canada's tax treaties generally varies depending on the percentage ownership of the total issued capital or percentage ownership of the voting rights owned by the recipient.

(5) Royalties generally are defined to include:

- Payments received as consideration for the use of or the right to use any copyright, patent, trademark, design or model, plan, secret formula or process.
- Payments received as consideration for the use of or the right to use industrial, commercial or scientific equipment or for information concerning industrial, commercial or scientific experience.
- Payments in respect of motion picture films, works on film or videotape for use in connection with television.
- In some cases, technical assistance in respect of these items is also included.

Paragraph 212(1)(d) generally exempts from withholding tax cultural royalties or similar payments for copyrights in respect of the production or reproduction of any literary, dramatic, musical or artistic work, other than a motion-picture film or a videotape or other means for use in connection with television. However, several treaties exempt all cultural royalties from tax.

Canada has announced in its treaty negotiations that it is prepared to eliminate the withholding tax on arm's-length payments in respect of rights to use patented information or information concerning scientific experience. It also stated that it is prepared to negotiate, on a bilateral basis, exemptions from withholding taxes for payments for the use of computer software. As such, some recent treaties generally contain an exemption for such payments.

Non-resident withholding tax rates for treaty countries (continued)

(6) In general, the terms "pension," "periodic pension payment" and "annuity" are defined in the applicable treaty. However, if they are defined in the treaty by reference to the laws of Canada, or are not specifically defined therein, the definition in the *Income Tax Conventions Interpretation Act* must be used.

Section 217 allows non-residents who earn certain types of pension and other retirement benefits to elect to file a Canadian tax return and pay Part I tax thereon, rather than being subject to Canada's 25% withholding tax on the income.

The withholding tax rate varies depending on, among other attributes, whether the payment is a lump-sum or periodic payment, or if the payment is a pension or annuity.

Some treaties provide for an exemption for certain types of pensions or for an exemption up to a threshold amount. Some pensions are taxable only in the source country.

(7) The treaty currently in effect with these countries includes a Most Favoured Nation clause, which provides for reduced withholding rates if the other country signs a treaty with another OECD member country and that treaty includes a lower withholding rate. This clause allows the lower rate to apply to the Canadian treaty. The items of income to which the clause applies vary by treaty. The lower withholding rate in the other country's treaty will apply to Canada if that treaty is signed after the date that Canada's treaty with the particular country is signed.

(8) A protocol or replacement treaty is signed but not yet ratified. If there are changes to withholding tax rates in the protocol or replacement treaty, the new rates are indicated in parentheses. Otherwise, the rates in the table continue to apply.

(9) The treaty does not apply to Hong Kong.

(10) A new treaty is signed but not yet in effect. The rates in the new treaty are indicated in parentheses. Until ratification, the withholding tax rate is generally 25%.

(11) The following terms apply under the provisions of the Canada-U.K. treaty:

Interest—Interest is defined as income from debt claims of every kind, whether or not secured by mortgage, and whether or not carrying a right to participate in the debtor's profits, including premiums and prizes attaching to bonds and debentures, as well as income assimilated to income from money lent by the tax law of Canada or the U.K. as the case may be. There are certain exemptions under the treaty. See also note (3).

Dividends—The 5% withholding tax rate applies if the recipient of the dividend is a company that controls, directly or indirectly, at least 10% of the voting power of the payer. See also note (4).

Royalties—Cultural royalties, excluding royalties in respect of films or motion pictures, and videotapes or other media for use in television broadcasting, are taxable only in the resident country. The protocol extends this treatment to payments for the use of any patent or for information concerning industrial, commercial or scientific experience, as well as payments for the use of computer software. See also note (5).

Non-resident withholding tax rates for treaty countries

Notes, continued

Pensions/Annuities—Pensions are defined to include any payment under a superannuation, pension or retirement plan, and certain other amounts, but exclude any payments in settlement of all future entitlements or payments under an income-averaging annuity contract (IAAC). Pensions are taxable only in the resident country. Under the terms of the Protocol, pension payments must be periodic to qualify for the tax exemption.

Annuities are defined as periodic payments payable during a person's lifetime or for a specified period of time, under an obligation to make the payments in return for money or money's worth. The definition excludes pensions, any payments in settlement of all future entitlements and IAACs. Annuities are subject to tax in the payer country at a rate of 10%. See also note (6).

(12) The protocol to the Canada-U.S. treaty entered into force on December 15, 2008. The most significant changes contained in the protocol are as follows:

- The withholding tax rate on interest paid to non-arm's length parties decreased to 7% on January 1, 2008, 4% on January 1, 2009 and 0% on January 1, 2010
- Treaty benefits apply to certain "fiscally transparent entities" (FTEs) such as limited liability companies, where the owner is resident in one of the countries, the income of the FTE is subject to tax in the owners' hands and the FTE is not resident in the other country
- Treaty benefits are denied to certain FTEs that are treated as flow-through entities under the laws of one of the countries, and as regular taxable entities under the laws of the other country
- The permanent establishment provisions cover certain Canadian or U.S. service providers who are present in the other country for more than 183 days in any 12-month period
- The 5% treaty withholding tax rate on dividends applies to corporate members of FTEs that hold at least 10% of the voting shares in the company paying the dividends
- The treaty includes a limitation-on-benefits (LOB) clause that generally allows treaty benefits to be claimed only by certain "qualifying" persons, or entities carrying on connected active business activities in both countries.

The following items apply under the provisions of the Canada-U.S. treaty:

Interest—Interest is defined as income from debt claims of every kind, whether or not secured by mortgage, and whether or not carrying a right to participate in the debtor's profits, including premiums and prizes attaching to bonds and debentures, as well as income assimilated to income from money lent by the tax law of Canada or the U.S., as the case may be. Contingent interest arising in the U.S. that does not qualify as portfolio interest will be subject to a withholding rate of 15%. As well, interest arising in Canada that is determined by reference to receipts, sales, income, profits or other cash flow of the debtor will also be subject to a 15% withholding rate. See also note (3).

Dividends—The 5% withholding tax rate applies if the recipient of the dividends is a company that is the beneficial owner of at least 10% of the voting stock of the payer. The rate of Canadian branch tax is also limited to 5% on cumulative branch profits exceeding Cdn$500,000. The first Cdn$500,000 of cumulative branch profits are exempt from branch tax. See also note (4).

Non-resident withholding tax rates for treaty countries (continued)

Royalties—Royalties are generally defined as payments for the use of, or right to use, any cultural property and any copyright of scientific work; any patent, trademark, design or model, plan, secret formula or process; and information concerning industrial, commercial or scientific experience. The definition also includes gains from the alienation of any intangible property or rights in such property to the extent that such gains are contingent on the productivity, use or subsequent disposition of such property or rights. See also note (5).

The following royalties are exempt from withholding tax:

- Cultural royalties, excluding royalties in respect of films or motion pictures, and videotapes or other media for use in television broadcasting
- Payments for the use of, or right to use, computer software
- Payments for the use of, or right to use, patents or information concerning industrial, commercial or scientific experience (excluding any such information in relation to a rental or franchise agreement)
- Payments in respect of broadcasting as may be agreed to between the countries.

Pensions/Annuities—Pensions are defined to include any payment under a superannuation, pension, or other retirement arrangement and certain other amounts, but exclude IAAC payments. The protocol extends the definition of pensions to include Roth IRAs and similar arrangements. Payments of Old Age Security and Canada/Québec Pension Plan benefits to U.S. residents are taxable only in the U.S. and are not subject to Canadian withholding tax. Conversely, the U.S. will not withhold tax on social security benefits paid to Canadian residents, and only 85% of such benefits will be taxable by Canada.

Annuities are defined as periodic payments payable during a person's lifetime or for a specified period of time, under an obligation to make the payments in return for adequate and full consideration (other than services rendered). The definition excludes non-periodic payments or any annuity the cost of which was tax deductible in the country in which it was acquired. See also note (6).

Current as of January 21, 2013