

## New Requirements for US owners of Canadian dividend-paying securities

Revenue Canada has imposed new requirements on Canadian companies that pay dividends to non-residents of Canada. It is designed to ensure that the correct amount of tax is withheld from those dividend payments. Companies are now required to obtain certification from each shareholder of his/her country of residence. Recipients who are residents of countries like the US that have tax treaties with Canada may qualify for a lower withholding rate than the statutory 25% under Canadian tax law.

What this means for US investors is that we will be receiving requests for residency certification from any Canadian dividend-paying company whose stock we own, whether we own shares as an individual or in an investment club or other entity.

### Which Form to complete

If ownership of the Canadian shares is via a partnership like your club, you must complete Form NR302. If ownership is via a limited liability company or hybrid entity, you complete Form NR303. Individuals complete Form NR301.

### Where to send the Form

In general, the completed Form(s) are to be provided to the Canadian company who is paying you the dividend. However, if you own your Canadian investments through a broker, your broker will send you the form and then collect it and forward it to the Canadian payer.

### Added requirement for NR302/NR303 filers

If you are required to file Form NR302 or NR303, you also are required to collect completed Forms NR301/NR302/NR303 from each of your partners/members (as appropriate). These Forms should be retained by your club in your records and not sent in with your form NR302.

### Links to Forms with instructions

NR301: <http://www.cra-arc.gc.ca/E/pbg/tf/nr301/nr301-10e.pdf>

NR302: <http://www.cra-arc.gc.ca/E/pbg/tf/nr302/nr302-10e.pdf>

NR303: <http://www.cra-arc.gc.ca/E/pbg/tf/nr303/nr303-10e.pdf>