



1. Double taxation – being liable to pay tax in both countries

If you've income from one country and are resident in another, you may be liable to pay tax in both countries under their tax laws. To avoid 'double taxation' in this situation, the United Kingdom (UK) has negotiated Double Taxation (DT) treaties with countries that include Canada. The precise conditions that apply to your income from the UK as a resident of Canada can be found in the text of the UK/Canada DT Convention. Go to www.gov.uk/government/collections/tax-treaties

2. Purpose of form Canada DT

Form Canada DT allows you to apply under the UK/Canada treaty for relief at source from UK Income Tax on pensions, purchased annuities, royalties and interest paid from sources in the UK. The form also provides for a claim to repayment of UK tax where payments of the income have already been made to you with UK tax taken off. While this form is for Canada, there are other country specific forms available. For more information, go to www.gov.uk or contact HM Revenue and Customs - our phone number and address are in Note 6.

3. Tax vouchers

There's no need to send tax vouchers with your completed form Canada DT, but you should keep them safe in case they are needed later to support your claim. If you've any doubt about how you've completed the form you can send vouchers if you think it will help us.

4. Certificate of the form by the taxation authorities of Canada

It's a condition of relief from UK Income Tax under the terms of the DT Convention that the beneficial owner of the income is resident in Canada.

Please send the:

- completed form Canada DT to the Tax Services Office of Canada Revenue Agency for the area in which you reside - that office will certify that you're a resident of Canada within the meaning of the UK/Canada DT Convention and return the form to you
- certified form to
HM Revenue and Customs
PAYE and Self Assessment
BX9 1AS
United Kingdom

5. Confidentiality

All the information that you provide to HM Revenue and Customs (HMRC) is confidential. We can only discuss your tax affairs with you or any tax adviser named by you.

6. Help or further information

If, after using these notes you need help or more information:

- phone HMRC on + 44 135 535 9022 if calling from outside the UK
- phone HMRC on 0300 200 3300 if calling from the UK
- write to
HM Revenue and Customs
Pay As You Earn and Self Assessment
BX9 1AS
United Kingdom

Please quote your HMRC reference number if you contact us.

7. Completing the form Canada DT

Use the following notes to help you complete Parts A to F of form Canada DT. Please:

- include on the form only the income on which you're claiming relief from UK tax under the provisions of the UK/Canada DT Convention
- give all the information requested and attach any supporting documents that are asked for - if you need more room attach a separate sheet, please write your name and your HMRC reference number on each additional sheet

Part A Personal details of claimant

Give all the details asked for. If you have a tax adviser, please include the tax adviser's details.

Part B Questions

Put 'X' in all the boxes that apply to you and give any additional information asked for.

Strike through all unused or partially completed sections.

Part C Application for relief at source from UK Income Tax

The UK/Canada DT Convention provides for the following benefits:

- no UK tax to be withheld from payments of pensions and annuities
- generally, UK tax at 10% to be withheld from most payments of interest
- no UK tax to be withheld from payments of royalties

Give the details asked for in Part C to apply for relief at source from UK Income Tax on future payments of income. Relief at source may be available in cases where HMRC is able to exercise its discretion to issue a notice (under Statutory Instrument 1970 Number 488, as amended). We deal with each application on its merits. Where we cannot agree to allow relief at source or cannot arrange it, you can claim repayment of part or all of the UK tax taken off, as appropriate.

If relief at source is granted, please tell HMRC at the address in Note 6, without delay, if there's any subsequent change to the information you've given on the form Canada DT.

C.1 UK State retirement pension or Incapacity Benefit

The UK State Pension, or UK Incapacity Benefit, is normally liable to UK Income Tax. As a resident of Canada you can apply to have this income exempted from UK Income Tax.

State Pension

A State Pension is a National Insurance benefit and is taxable, but usually paid without deduction of tax. If you receive a UK State Pension you can claim exemption from UK Income Tax under the UK/Canada DT Convention. Put 'X' in the 'UK State Pension' box in Part C.1 of the form Canada DT and give the date payments began.

State Pension Deferral lump sum

If you've received a State Pension Deferral lump sum from which UK tax has been taken off, see Part D of these notes.

Incapacity Benefit

Like the State Pension, Incapacity Benefit is taxable but is paid without deduction of tax. If you receive Incapacity Benefit you can claim exemption from UK Income Tax under the UK/Canada DT Convention. Put 'X' in the 'UK Incapacity Benefit' box in Part C.1 of the form Canada DT and give the date payments began.

C.2 UK pensions and purchased annuities (including UK Government, local authority and publicly funded educational institution pensions)

Certain types of pension and most annuities from the UK, paid to you as a resident of Canada, can be exempted from UK Income Tax.

If the pension and/or annuity is taxed under the PAYE (Pay As You Earn) system, any adjustment will go back to the latest of the following:

- the date on which you became resident in Canada for the purpose of that country's tax
- the date payments of the income began
- the earliest UK tax year which remains in date for claiming repayment of UK Income Tax

Please send with your form Canada DT a photocopy of the latest P60 that you've received from the payer of your pension. This will help us make the adjustment.

C.3 UK interest

UK source interest can be paid to you with no tax taken off. Any UK tax that has been taken off can be repaid to you. There is an exception to this rule if the interest is determined by reference to certain criteria relating to the debtor, or a person related to the debtor, including their sales, income, profits or other cash flow, changes in value of property, a dividend, partnership distribution or similar payment.

You should consult the DT Convention if you think the interest might meet such criteria. If the interest does meet such criteria, UK source interest can be paid to you with 10% tax deducted. Any UK tax in excess of 10% that has been deducted can be repaid to you.

Interest from securities

UK tax is deducted from interest on loan stocks issued by:

- companies which are not quoted on the stock exchange
- local authorities

As explained in the introduction to Part C of these notes, we may be able to arrange for interest on these stocks to be paid together with the relevant amount of treaty benefits.

Interest from the following UK sources is paid with no UK tax deducted, so there's no need to apply for relief from UK tax at source. Please do not enter in Part C2 of form Canada DT:

- interest from company loan stocks quoted on the stock exchange (paid automatically without deduction of UK tax)
- interest from UK government securities (paid automatically without deduction of UK tax)
- interest from UK banks and building societies (paid automatically without deduction of tax)

If you've already received any interest with UK tax deducted, you may claim repayment of the tax in excess of 10%.

Other interest

If you receive interest from privately arranged loans, please give the following details on a separate sheet:

- name and address of the UK payer of the interest
- date of the loan agreement
- amount of the loan
- due dates of the interest

Please also attach a copy of the loan agreement.

C.4 Royalties

Most royalties can be paid to you with no tax deducted. Any UK tax that has been deducted can be repaid to you in full. The DT Convention allows relief only to the beneficial owner of the royalties. The beneficial owner is normally the originator of the work or product.

Copyright royalties for literary, dramatic, musical or artistic works

If you're not the originator but have acquired the rights, please attach to the form Canada DT a copy of the licence, contract or assignment under which you've acquired the UK rights. This will help HMRC to check that the beneficial ownership condition in the DT Convention is satisfied.

Other royalties

Attach to the form Canada DT a copy of the licence agreement between you and the UK payer of the royalties. If you're not the originator of the product giving rise to the royalties but have acquired the rights, please also attach a copy of the licence, contract or assignment under which you've acquired the UK rights.

Part D Claim for repayment of UK Income Tax

Trivial pension commutation payments

From 6 April 2006, registered pension schemes and life insurance companies can pay 'Trivial pension commutation payments'. This means that instead of receiving a small annual pension or annuity, a single lump sum is paid. UK tax is taken off these amounts under the normal PAYE (Pay as You Earn) rules.

If you've received a trivial pension commutation payment and on the date the lump sum was paid you were resident for tax purposes in Canada, you remain liable to UK taxation and cannot claim relief in the UK.

