



DECLARATION OF ELIGIBILITY FOR BENEFITS UNDER A TAX TREATY FOR A HYBRID ENTITY

Use this form if you are a hybrid entity that is:

Subject to Part XIII tax

The payer may request a completed Form NR303 if the hybrid entity will receive a payment subject to Part XIII tax.

Note: If the hybrid entity is subject to tax as a corporation on its worldwide income in a treaty country, complete and submit Form NR301, Declaration of Eligibility for Benefits under a Tax Treaty for a Non-Resident Taxpayer instead.

Requesting a refund of Part XIII tax

Complete Form NR303 (or equivalent information) and include it, along with Worksheet A, with Form NR7-R, Application for Refund of Part XIII Tax Withheld. Also include Form NR301, NR302, Declaration of Eligibility for Benefits under a Tax Treaty for a Partnership with Non-resident Partners or NR303 (or equivalent information) collected from each member/owner eligible for a reduced tax rate, along with Worksheet A.

Submitting a waiver request for amounts required to be withheld under Regulation 105 of the Income Tax Regulations

If you are submitting Form R105, Regulation 105 Waiver Application, complete and include Form NR303 with the application, along with Worksheet B. In this case, it is not necessary to complete part 9 of Form R105.

Filing a tax return

If the hybrid entity is filing a Canadian income tax return and claiming a deduction related to treaty benefits, include a completed Form NR303 with the return, along with Worksheet B.

Filing a request for a Certificate of Compliance

If the hybrid entity is submitting a request for a Certificate of Compliance (Form T2062, Request by a Non-Resident of Canada for a Certificate of Compliance Related to the Disposition of Taxable Canadian Property or T2062A, Request by a Non-Resident of Canada for a Certificate of Compliance Related to the Disposition of Canadian Resource or Timber Resource Property, Canadian Real Property (Other Than Capital Property), or Depreciable Taxable Canadian Property), complete and include Form NR303 and Worksheet B.

Form sections: 1. Legal name of hybrid entity; 2. Mailing address; 3. Foreign tax identification number; 4. Treatment of hybrid entity for Canadian tax purposes and Canadian tax number; 5. Applicable treaty benefit; 6. Certification and undertaking.

Expiry Date - For Part XIII tax withholding purposes, this declaration expires when there is a change in the effective rate of withholding or three years from the end of the calendar year in which this form is signed and dated, whichever is earlier.

Do not use this form:

- To support exemptions from tax under Article XXI of the Canada – U.S. tax treaty. You must apply to the CRA for a Letter of Exemption. Refer to guide T4016, *Exempt U.S. Organizations – Under Article XXI of the Canada – United States Tax Convention*.
- To support exemptions from Part XIII withholding tax that are provided for in the *Income Tax Act*, such as fully exempt interest as defined in subsection 212(3), arm's length interest payments that are not captured by paragraph 212(1)(b) and reductions of the Part XIII withholding tax on rental income when the non-resident makes an election under Section 216. You do not have to complete this form since the exemption or reduction is in the *Income Tax Act* rather than in one of Canada's tax treaties.

Business Profits and Disposition Gains

For exemptions pertaining to services provided in Canada, including those provided by artists and athletes who are exempt from tax under a tax treaty, see Rendering services in Canada at www.cra-arc.gc.ca/tx/nnrstdnts/cmmn/rndr/menu-eng.html or Film Advisory Services at www.cra-arc.gc.ca/tx/nnrstdnts/flm/menu-eng.html. These pages contain links to information for non-residents, including how to apply for a waiver of withholding tax. You may need to attach Form NR302 or NR303 to an application for a waiver in certain circumstances, such as when the applicant for the waiver is a partnership or hybrid entity. The payer of income for services provided in Canada must withhold tax on these payments unless the non-resident provides the payer with a copy of a tax waiver or reduction issued by the CRA for those services.

For exemptions pertaining to dispositions of taxable Canadian property, see Disposing of or acquiring certain Canadian property at www.cra-arc.gc.ca/nrdispositions. Vendors and purchasers will find information on filing forms T2062, T2062A, and T2062C on this page. Generally, the purchaser of taxable Canadian property has to withhold tax on the purchase price unless the vendor receives a Certificate of Compliance from the CRA, or other rules apply.

Instructions for the hybrid entity declaring benefits

Provide the entity's foreign tax identifier, if it has one.

Tick the appropriate type of hybrid entity for Canadian tax purposes, and provide the Canadian tax identifier if it has one.

If you are a hybrid entity (see "Amounts derived through hybrid entities" below), use Form NR303 if you are considered "fiscally transparent" by the tax laws of a country that Canada has a tax treaty with and if that treaty contemplates extending treaty benefits to income derived through the entity to the residents of that country who have an interest in the entity (e.g., see paragraph 6 of Article IV of the Canada – U.S. tax treaty). A foreign entity that is taxed as a corporation on its worldwide income under the tax laws of the foreign country completes Form NR301.

Keep in your records Form NR301 or NR303, including their completed worksheets (or equivalent information) collected from each person who will derive income through the hybrid entity and is eligible for a reduced tax rate. Do not submit this supporting information to the payer.

For any partnership that derives income through the hybrid entity, the treaty rate and treaty exemption percentage amounts, entered in column F of Worksheets A and B respectively of Form NR303, will be the amounts that the partnership would represent on Form NR302 if all of its partners, other than those that reside in the U.S., resided in a country that Canada does not have a tax treaty with. The hybrid entity will also keep in its records, for each partnership listed in Part I of Worksheet A or B, a statement by the partnership (referred to as the "Partnership Statement") of what information would be certified on the partnership's Form NR302, if such were the case.

Use Worksheet A to calculate the Part XIII effective rate of withholding tax based on the percentage allocation for each person and the corresponding rate of withholding. In general, Worksheet A will be limited to the calculation of the Part XIII withholding rate on interest, dividends, royalties, and trust income.

Use Worksheet B to calculate the total percent treaty exempt portion of business profits or disposition gains.

For the purposes of both worksheets, treaty benefits apply only to persons resident in the United States.

Use a separate worksheet for each income type when there is a difference in the effective rate of withholding or treaty exemption percentage.

During an audit or review, or while processing a related request, the CRA may ask the hybrid entity for more information to substantiate the tax treaty benefit. This information could include, among other things, Form NR301 or NR303 (or equivalent information) for each person and the partnership statement as described above for any person deriving income through the hybrid entity and whose entitlement to treaty benefits was included in the calculation of the effective rate of withholding or treaty exemption percentage.

The certification area of Forms NR301, NR302, and NR303 should be completed and signed by:

- the non-resident taxpayer in the case of an individual;
- an authorized officer in the case of a corporation;
- the trustee, executor, or administrator if the person filing the form is a trust;
- an authorized partner in the case of a partnership.

Change in circumstances

If a change in circumstances makes any information on the form incorrect, notify the payer (or the partnership or hybrid entity through which you derive income and to whom you are submitting this form) immediately and complete a new form.

Amounts derived through hybrid entities

A hybrid entity is in general a foreign entity (other than a partnership) whose income is taxed at the beneficiary, member, or participant level. For example, the United States resident members/owners of a Limited Liability Company (that is treated as a fiscally transparent entity under U.S. tax laws) may be entitled to treaty benefits if all the conditions in paragraph 6 of Article IV of the Canada – U.S. treaty are met. Under paragraph 6, an amount of income, profit or gain is considered to be derived by a resident of the United States if 1) the amount is derived by that person through an entity (other than an entity that is a resident of Canada, and 2) by reason of that entity being considered fiscally transparent under U.S. tax laws, the treatment of the amount under U.S. tax laws is the same as its treatment would be if that amount had been derived directly by that person. Paragraph 7 of Article IV contains additional restrictions on this look-through provision. Entities that are subject to tax, but whose tax may be relieved under an integrated system, are not considered hybrid entities.

Where do I send this form?

Depending on your circumstances, send this form to one of the three areas noted below.

- If you receive income subject to Part XIII tax (directly from a Canadian payer), send this form and your completed worksheets directly to your Canadian payer, to reduce the Part XIII withholding tax on income being paid to you.
- If you derive income through a hybrid entity or through a partnership, and that hybrid entity or partnership asked you to complete the NR303, send it and the completed worksheets to that hybrid entity or partnership.
- If you are attaching Form NR303 and the worksheets to any of the following forms, send them all to the CRA according to the instructions on the following forms:
 - T2062, *Request by a Non-Resident of Canada for a Certificate of Compliance Related to the Disposition of Taxable Canadian Property*, or T2062A, *Request by a Non-Resident of Canada for a Certificate of Compliance Related to the Disposition of Canadian Resource or Timber Resource Property, Canadian Real Property (Other Than Capital Property), or Depreciable Taxable Canadian Property*;
 - Form R105, *Regulation 105 Waiver Application* (or similar waiver forms);
 - Form NR7-R, *Application for Refund of Part XIII Tax Withheld*. Also include Form NR301, NR302, or NR303 (or equivalent information) collected from each member/owner eligible for a reduced tax rate, along with worksheet A;
 - A T2 Corporation Income Tax Return.

Agents and nominees

If you are an agent or nominee providing financial intermediary services as a part of a business, you should collect Form NR301, NR302, or NR303 or equivalent information from the beneficial owner. See the instructions in subparagraph 5(a) of Information Circular IC76-12R6, *Applicable rate of part XIII tax on amounts paid or credited to persons in countries with which Canada has a tax convention*, for the suggested format to use for submitting the information to the Canadian payer or withholding agent.

Instructions for payers

To determine the appropriate reduced rate of withholding, refer to the relevant Canadian tax treaty on the Department of Finance Web site at www.fin.gc.ca/treaties-conventions/treatystatus_-eng.asp, or try the Non-Resident Tax Calculator at www.cra-arc.gc.ca/partxiii-calculator.

Do not apply a reduced rate of withholding in the following circumstances:

- the hybrid entity has not provided Form NR303 (including the appropriate worksheet) or equivalent information and you are unsure that the reduced rate applies;
- the form is incomplete (but see note below); or
- you have reason to believe that the information provided in this declaration is incorrect or misleading.

Note: The foreign and Canadian tax number fields may be blank because not all non-residents have these tax numbers.

If you need more information, see Part XIII Withholding Tax at www.cra-arc.gc.ca/tx/nrnsdnts/pyr/prtxiii/wthldng/menu-eng.html and select Beneficial Ownership or Rates for Part XIII Tax.

WORKSHEET A – PART XIII EFFECTIVE RATE OF WITHHOLDING WORKSHEET (INCLUDE A SEPARATE WORKSHEET FOR EACH INCOME TYPE)

Income type: _____

PART I – LIST OF ALL PERSONS WHO ARE ENTITLED TO BENEFITS IN RESPECT OF INCOME DERIVED THROUGH THE HYBRID ENTITY BY VIRTUE OF A CANADIAN TAX TREATY (Note: At time of publication, the only entitled persons are those to whom paragraph 6 of Article IV of the Canada – U.S. Tax Convention applies and paragraph 7 of the same article does not apply.)

Name of person deriving income through the hybrid entity (A)	Type of person (B)	Canadian tax identification number (C)	Treaty country of residence (not applicable to hybrid entities or partnerships) (D)	Percentage allocation (E)	Treaty rate (see Note) (F)	E x F (G)
	<input type="checkbox"/> Individual <input type="checkbox"/> Corporation (other than a hybrid entity) <input type="checkbox"/> Trust (other than a hybrid entity) <input type="checkbox"/> Partnership <input type="checkbox"/> Hybrid entity: _____					
	<input type="checkbox"/> Individual <input type="checkbox"/> Corporation (other than a hybrid entity) <input type="checkbox"/> Trust (other than a hybrid entity) <input type="checkbox"/> Partnership <input type="checkbox"/> Hybrid entity: _____					
	<input type="checkbox"/> Individual <input type="checkbox"/> Corporation (other than a hybrid entity) <input type="checkbox"/> Trust (other than a hybrid entity) <input type="checkbox"/> Partnership <input type="checkbox"/> Hybrid entity: _____					
	<input type="checkbox"/> Individual <input type="checkbox"/> Corporation (other than a hybrid entity) <input type="checkbox"/> Trust (other than a hybrid entity) <input type="checkbox"/> Partnership <input type="checkbox"/> Hybrid entity: _____					
	<input type="checkbox"/> Individual <input type="checkbox"/> Corporation (other than a hybrid entity) <input type="checkbox"/> Trust (other than a hybrid entity) <input type="checkbox"/> Partnership <input type="checkbox"/> Hybrid entity: _____					

PART II – TOTAL OF ALL REMAINING OWNERSHIP INTERESTS HELD BY PERSONS OTHER THAN THOSE LISTED IN PART I	Percentage	<i>Income Tax Act</i> rate	E x F
		25%	

Effective rate of withholding – Total Column G for both Part I and Part II
 Enter the total in the appropriate column of part 5 on page 1.

Note: For partnerships listed in column A, the treaty rate should be obtained from their "Partnership Statement" (which includes the amounts that the partnership would represent on their Form NR302 if all of its partners, other than those that reside in the U.S., resided in a country that Canada does not have a tax treaty with). For hybrid entities listed in column A, the treaty rate should be obtained from part 5 "Part XIII effective rate of withholding" of Form NR303 for the hybrid entity.

WORKSHEET B – EXEMPT INCOME WORKSHEET (INCLUDE A SEPARATE WORKSHEET FOR BUSINESS PROFITS AND DISPOSITION GAINS)

Income type:	Total income or disposition gains:
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LIST OF ALL PERSONS WHO ARE ENTITLED TO BENEFITS IN RESPECT OF INCOME DERIVED THROUGH THE HYBRID ENTITY BY VIRTUE OF A CANADIAN TAX TREATY (Note: At time of publication, the only entitled persons are those to whom paragraph 6 of Article IV of the Canada – U.S. Tax Convention applies and paragraph 7 of the same article does not apply.)

Name of person deriving income through the hybrid entity (A)	Type of person (B)	Canadian tax identification number (C)	Treaty country of residence (not applicable to hybrid entities or partnerships) (D)	Percentage allocation (E)	Treaty exemption percentage (see Note) (F)	E x F (G)
	<input type="checkbox"/> Individual <input type="checkbox"/> Corporation (other than a hybrid entity) <input type="checkbox"/> Trust (other than a hybrid entity) <input type="checkbox"/> Partnership <input type="checkbox"/> Hybrid entity: _____					
	<input type="checkbox"/> Individual <input type="checkbox"/> Corporation (other than a hybrid entity) <input type="checkbox"/> Trust (other than a hybrid entity) <input type="checkbox"/> Partnership <input type="checkbox"/> Hybrid entity: _____					
	<input type="checkbox"/> Individual <input type="checkbox"/> Corporation (other than a hybrid entity) <input type="checkbox"/> Trust (other than a hybrid entity) <input type="checkbox"/> Partnership <input type="checkbox"/> Hybrid entity: _____					
	<input type="checkbox"/> Individual <input type="checkbox"/> Corporation (other than a hybrid entity) <input type="checkbox"/> Trust (other than a hybrid entity) <input type="checkbox"/> Partnership <input type="checkbox"/> Hybrid entity: _____					
	<input type="checkbox"/> Individual <input type="checkbox"/> Corporation (other than a hybrid entity) <input type="checkbox"/> Trust (other than a hybrid entity) <input type="checkbox"/> Partnership <input type="checkbox"/> Hybrid entity: _____					

TOTAL TREATY EXEMPTION PERCENTAGE – TOTAL COLUMN G

Enter the total in the appropriate column of part 5 on page 1.

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Note: For partnerships listed in column A, the percent treaty exempt should be obtained from their "Partnership Statement" (which includes the amounts that the partnership would represent on their Form NR302 if all of its partners, other than those that reside in the U.S., resided in a country that Canada does not have a tax treaty with). For hybrid entities listed in column A, the percent treaty exempt should be obtained from part 5 "Treaty exemption percentage" of Form NR303 for the hybrid entity.

WORKSHEET EXAMPLES

Example 1

APAN Corporation ("APAN") is a U.S. Limited Liability Company that is treated as fiscally transparent for U.S. tax purposes, but as a corporation for Canadian tax purposes. Since it is fiscally transparent for U.S. tax purposes, it can claim treaty benefits under the Canada – U.S. tax treaty on the portion of income allocated to persons who are resident of the U.S., and who are considered to derive the income from APAN Corporation in accordance with Article IV (paragraphs 6 and 7) (Residence) of the tax treaty and who are eligible for treaty benefits in accordance with Article XXIX-A (Limitation on Benefits).

At the time of publication, the Canada – U.S. treaty is the only tax treaty Canada has signed that permits a hybrid entity to claim treaty benefits on amounts derived by residents of the other country.

The shareholders of APAN, together with the percentage of income allocated, are John Smith (10%); USCO (25%); Foreign Partnership (30%); and, Global Corporation (35%).

It is also known that:

- John Smith is an individual resident in the U.S.
- USCO is a U.S. Limited Liability Company that is fiscally transparent for U.S. tax purposes but is treated as a corporation for Canadian tax purposes. It is wholly owned by a corporation that is liable to tax for U.S. tax purposes as a resident in the U.S.
- Foreign Partnership has two equal partners: an individual resident in the U.S. and a corporation resident in Ireland. (The foreign partnership is treated as a partnership for U.S. tax purposes.)
- Global Corporation is a company managed and incorporated in Australia. Global Corporation is not fiscally transparent for U.S. tax purposes and its shareholders reside in over 30 countries, including the U.S.

APAN expects to receive dividend payments from a Canadian corporation. To receive a reduced treaty rate, APAN completes Form NR303 and provides it to the Canadian corporation.

To find out the effective rate of withholding for dividends to represent in Part 5 of Form NR303, APAN completes worksheet A as shown, based on the following considerations:

- John Smith is eligible for the reduced treaty rate of 15% as a result of Article IV (paragraph 6) and Article X (paragraph 2(b)) of the Canada – U.S. tax treaty. Mr. Smith provides a completed Form NR301 to APAN. The reduced treaty rate of 15% is entered into column F.
- USCO is a hybrid entity and provides a completed Form NR303 to APAN. According to the NR303, the effective withholding rate for USCO is 5%. This value is entered into column F.
- Foreign Partnership provides to APAN a statement of what it would represent on its Form NR302 if all of its partners, other than those that reside in the U.S., resided in a country that Canada does not have a tax treaty with. If such were the case, Foreign Partnership's NR302 would reveal that the effective withholding rate for Foreign Partnership is 20%, as a result of Article IV (paragraph 6) and Article X (paragraph 2(a)), which is entered into column F. The 20% figure represents the sum of 50% of each of the following rates:
 - ▶ 15% – the treaty rate that applies to the U.S. resident partner since Article IV (paragraph 6) of the Canada – U.S. Tax Treaty deems him to have derived an amount through the partnership, and
 - ▶ 25% – the appropriate rate for its Irish partner if that partner resided in a country that Canada did not have a tax treaty with. This outcome is appropriate since no Canadian tax treaty provision or law considers the Irish partner to have derived any amount in respect of a dividend paid to APAN and APAN is not entitled to treaty benefits in its own right.
- No Canadian law or treaty provision considers Global Corporation to have derived an amount in respect of dividends paid to APAN. Therefore, Global Corporation's 35% allocation is inserted in Column E as the Part II total on APAN's worksheet without any need for supporting documents.

Worksheet A reveals that the effective rate of withholding on dividend payments to APAN is 17.5%, which represents the Part XIII rate to be applied to any payment of dividends to APAN and should be included in part 5 of APAN's Form NR303 (in the column "Part XIII effective rate of withholding").

WORKSHEET A – EFFECTIVE RATE OF WITHHOLDING WORKSHEET (INCLUDE A SEPARATE WORKSHEET FOR EACH INCOME TYPE)

Income type: Dividends

PART I – LIST OF ALL PERSONS WHO ARE ENTITLED TO BENEFITS IN RESPECT OF INCOME DERIVED THROUGH THE HYBRID ENTITY BY VIRTUE OF A CANADIAN TAX TREATY (Note: At time of publication, the only entitled persons are those to whom paragraph 6 of Article IV of the Canada – U.S. Tax Convention applies and paragraph 7 of the same article does not apply.)

Name of person deriving income through the hybrid entity (A)	Type of person (B)	Canadian tax identification number (C)	Treaty country of residence (not applicable to hybrid entities or partnerships) (D)	Percentage allocation (E)	Treaty rate (see Note) (F)	E x F (G)
John Smith	<input checked="" type="checkbox"/> Individual <input type="checkbox"/> Corporation (other than a hybrid entity) <input type="checkbox"/> Trust (other than a hybrid entity) <input type="checkbox"/> Partnership <input type="checkbox"/> Hybrid entity: _____	123 456 789	U.S.	10%	15%	1.5%
USCO LLC	<input type="checkbox"/> Individual <input type="checkbox"/> Corporation (other than a hybrid entity) <input type="checkbox"/> Trust (other than a hybrid entity) <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> Hybrid entity: _____	123 456 789 RC0001		25%	5%	1.25%
Foreign Partnership	<input type="checkbox"/> Individual <input type="checkbox"/> Corporation (other than a hybrid entity) <input type="checkbox"/> Trust (other than a hybrid entity) <input checked="" type="checkbox"/> Partnership <input type="checkbox"/> Hybrid entity: _____			30%	20%	6%
	<input type="checkbox"/> Individual <input type="checkbox"/> Corporation (other than a hybrid entity) <input type="checkbox"/> Trust (other than a hybrid entity) <input type="checkbox"/> Partnership <input type="checkbox"/> Hybrid entity: _____					
	<input type="checkbox"/> Individual <input type="checkbox"/> Corporation (other than a hybrid entity) <input type="checkbox"/> Trust (other than a hybrid entity) <input type="checkbox"/> Partnership <input type="checkbox"/> Hybrid entity: _____					

PART II – TOTAL OF ALL REMAINING OWNERSHIP INTERESTS HELD BY PERSONS OTHER THAN THOSE LISTED IN PART I	Percentage	Income Tax Act rate	E x F
	35%	25%	8.75%

Effective Rate of Withholding – Total Column G for both Part I and Part II
 Enter the total in the appropriate column of part 5 on page 1. **17.5%**

Note: For partnerships listed in column A, the treaty rate should be obtained from their "Partnership Statement" (which includes the amounts that the partnership would represent on their Form NR302 if all of its partners, other than those that reside in the U.S., resided in a country that Canada does not have a tax treaty with). For hybrid entities listed in column A, the treaty rate should be obtained from part 5 "Part XIII effective rate of withholding" of Form NR303 for the hybrid entity.

WORKSHEET EXAMPLES

Example 2

APAN also disposes of shares in a Canadian corporation for a total gain of \$214,000. The shares are taxable Canadian property and would normally be subject to the Section 116 payment requirement based on 25% of the gain. Since part of the gain is treaty-protected property, to reduce the payment requirement, APAN completes Form NR303 and includes it with Form T2062 (see note below), which is submitted to the CRA.

The details concerning the shareholders in APAN are provided on worksheet B. The percent allocation for each shareholder (see Example 1) is provided in column E (i.e., 10% for John Smith, 25% for USCO, 30% for Foreign Partnership, and 35% for Global Corporation).

As John Smith is a resident of the U.S., his allocation is eligible for full treaty exemption because of Article IV (paragraph 6) and Article XIII (paragraph 4) of the Canada – U.S. tax treaty, as the value of the shares are not principally derived from real property in Canada at the time of disposition. Mr. Smith provides Form NR301 to APAN. His treaty exemption percentage of 100% is entered into column F.

As USCO is a hybrid entity, it completes Form NR303 and provides it to APAN. USCO is wholly owned by a resident of the U.S. Therefore, Article IV (paragraph 6) of the Canada – U.S. tax treaty applies and Form NR303 completed by USCO would show that the amount to be entered into column F of APAN's worksheet as the appropriate treaty exemption percentage is 100%.

Foreign Partnership provides to APAN a statement of what it would represent on its Form NR302 if all its partners, other than those that reside in the U.S., resided in a country that Canada does not have a tax treaty with. If such were the case, Foreign Partnership's NR302 would reveal that its treaty exemption percentage is 50%. The 50% figure represents the average of 100%, the treaty exemption percentage that applies to the U.S. resident partner under Article IV (paragraph 6) of the Canada – U.S. tax treaty, and 0%, the treaty exemption percentage that would apply to the Irish partner if that partner resided in a country that Canada does not share a tax treaty with. This outcome is appropriate since no Canadian tax treaty provision or law considers the Irish partner to have derived any amount in respect of a gain realized by APAN and APAN is not entitled to treaty benefits in its own right.

No Canadian treaty provision deems Global Corporation as having derived an amount in respect of gains realized by APAN. Therefore, Global Corporation's 35% percentage allocation is not inserted in the worksheet.

Worksheet B reveals that the total treaty exemption percentage for the disposition gains received by APAN is 50%. For this reason, the Section 116 payment requirement applies to the remaining 50% of the gain realized by APAN on the disposition of the taxable Canadian property.

Note: Since 100% of the gain resulting from the disposition of the shares is not exempt from Canadian Part I tax by virtue of a tax treaty with Canada, Form T2062C cannot be filed. Instead, APAN must file Form T2062.

WORKSHEET B – EXEMPT INCOME WORKSHEET (INCLUDE A SEPARATE WORKSHEET FOR BUSINESS PROFITS AND DISPOSITION GAINS)

Income type: <p style="text-align: center;">Disposition Gains</p>	Total income or disposition gains: <p style="text-align: right;">\$214,000</p>
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LIST OF ALL PERSONS WHO ARE ENTITLED TO BENEFITS IN RESPECT OF INCOME DERIVED THROUGH THE HYBRID ENTITY BY VIRTUE OF A CANADIAN TAX TREATY (Note: At time of publication, the only entitled persons are those to whom paragraph 6 of Article IV of the Canada – U.S. Tax Convention applies and paragraph 7 of the same article does not apply.)

Name of person deriving income through the hybrid entity (A)	Type of person (B)	Canadian tax identification number (C)	Treaty country of residence (not applicable to hybrid entities or partnerships) (D)	Percentage allocation (E)	Treaty exemption percentage (see Note) (F)	E x F (G)
John Smith	<input checked="" type="checkbox"/> Individual <input type="checkbox"/> Corporation (other than a hybrid entity) <input type="checkbox"/> Trust (other than a hybrid entity) <input type="checkbox"/> Partnership <input type="checkbox"/> Hybrid entity: _____	123 456 789	U.S.	10%	100%	10%
USCO LLC	<input type="checkbox"/> Individual <input type="checkbox"/> Corporation (other than a hybrid entity) <input type="checkbox"/> Trust (other than a hybrid entity) <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> Hybrid entity: _____	123 456 789 RC0001		25%	100%	25%
Foreign Partnership	<input type="checkbox"/> Individual <input type="checkbox"/> Corporation (other than a hybrid entity) <input type="checkbox"/> Trust (other than a hybrid entity) <input checked="" type="checkbox"/> Partnership <input type="checkbox"/> Hybrid entity: _____			30%	50%	15%
	<input type="checkbox"/> Individual <input type="checkbox"/> Corporation (other than a hybrid entity) <input type="checkbox"/> Trust (other than a hybrid entity) <input type="checkbox"/> Partnership <input type="checkbox"/> Hybrid entity: _____					
	<input type="checkbox"/> Individual <input type="checkbox"/> Corporation (other than a hybrid entity) <input type="checkbox"/> Trust (other than a hybrid entity) <input type="checkbox"/> Partnership <input type="checkbox"/> Hybrid entity: _____					

TOTAL TREATY EXEMPTION PERCENTAGE – TOTAL COLUMN G Enter the total in the appropriate column of part 5 on page 1.	50%
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Note: For partnerships, the percent treaty exempt should be obtained from their "Partnership Statement" (which includes the amounts that the partnership would represent on their Form NR302 if all of its partners, other than those that reside in the U.S., resided in a country that Canada does not have a tax treaty with). For hybrid entities listed in column A, the percent treaty exempt should be obtained from part 5 "Treaty exemption percentage" of Form NR303 for the hybrid entity.