



Electing under Section 217 of the Income Tax Act

2021

Is this pamphlet for you?

This pamphlet is for you if both of the following apply:

- You were a non-resident of Canada in 2021
- You received any of the Canadian-source income listed under “Eligible section 217 income” starting on page 4

This pamphlet explains what a section 217 election is and how to decide if it is beneficial for you. It also explains how to complete a 2021 section 217 return.

The CRA’s publications and personalized correspondence are available in braille, large print, e-text, or MP3 for those who have a visual impairment. For more information, go to canada.ca/cra-multiple-formats or call **1-800-959-8281**. If you are outside Canada and the United States, call **613-940-8495**.

The CRA only accepts collect calls made through telephone operators. After your call is accepted by an automated response, you may hear a beep and notice a normal connection delay.

La version française de cette brochure est intitulée Choix prévu à l’article 217 de la Loi de l’impôt sur le revenu.

Unless otherwise stated, all legislative references are to the Income Tax Act or, where appropriate, the Income Tax Regulations.

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Electing under section 217 of the Income Tax Act

What is a section 217 election?

If you are a non-resident of Canada, Canadian payers have to withhold non-resident tax on certain types of Canadian-source income they pay or credit to you. The tax withheld is usually your final tax obligation to Canada on this income and you do **not** have to file a Canadian Income Tax and Benefit Return to report it. However, you can **choose** to file a Canadian return to report certain types of Canadian-source income listed in the next section by "electing under section 217 of the Income Tax Act." In doing so, you may pay tax on this income using a different method and may receive a refund of all or part of the non-resident tax withheld.

If you emigrated from Canada in 2021, the section 217 election applies to Canadian-source income (listed below) that is received after leaving Canada.

If you immigrated to Canada in 2021, contact the Canada Revenue Agency (CRA) for any special section 217 rules that may apply to you. The CRA's address and telephone numbers, can be found under "Contact the Canada Revenue Agency" on page 14.

Eligible section 217 income

The section 217 election applies to the following types of Canadian-source income:

- old age security pension

Note

If you received old age security benefits, you may need to file Form T1136, Old Age Security Return of Income, even if you choose not to file a return under section 217. For more information, see Guide T4155, Old Age Security Return of Income Guide for Non-Residents.

- Canada Pension Plan (CPP) and Quebec Pension Plan (QPP) benefits
- most superannuation and pension benefits
- most registered retirement savings plan payments
- most pooled registered pension plan payments
- most registered retirement income fund payments
- death benefits
- employment insurance benefits
- certain retiring allowances
- registered supplementary unemployment benefit plan payments
- most deferred profit-sharing plan payments

- amounts received from a retirement compensation arrangement, or the purchase price of an interest in a retirement compensation arrangement
- prescribed benefits under a government assistance program
- Auto Pact benefits

Why elect under section 217?

You will benefit from electing to file a return under section 217 if the total tax payable on line 43500 on your return is **less than** the tax you would otherwise pay if you did not make this election. When processing your return, the CRA will only take your election under section 217 into account if it is beneficial.

To determine the tax you would otherwise pay if you did **not** make a section 217 election, add the following amounts:

- the non-resident tax required to be withheld from line 44300 of Schedule C, Electing under Section 217 of the Income Tax Act (included in the Income Tax package for Non-Residents and Deemed Residents of Canada)
- the tax payable, if it applies, on Canadian-source employment and business income, net Canadian partnership income if you are a limited or non-active partner, and on taxable capital gains from disposing of taxable Canadian property that you need to include on your 2021 return

To calculate the **total tax payable** on your section 217 return, see “Completing your section 217 return” on page 7.

If the election is beneficial

If you file your section 217 return on time, the CRA will refund any tax withheld that is more than the amount you owe. If the payer withheld less than the required amount of non-resident tax on your eligible section 217 income, you may have a balance owing, even if the election is beneficial. Make sure you include on line 43700 of your return the non-resident tax withheld on your eligible section 217 income from your information slips.

Note

Attach a completed Schedule A, Schedule B, and Schedule C to your return. If you do not attach these schedules, the processing of your return, and any refund you may be entitled to, may be delayed. Also attach a copy of your information slips.

If the election is not beneficial

If the payer withheld **more than** the required amount of non-resident tax on your eligible section 217 income, you can ask for a refund of the difference by completing Form NR7-R, Application for Refund of Part XIII Tax Withheld.

If the payer withheld **less than** the required amount of non-resident tax because the CRA approved your Form NR5 (or for any other reason), you need to pay an amount to the CRA. The amount to pay is the difference between the required amount of non-resident tax and the amount withheld.

Reducing tax withheld (Form NR5)

If you want to make a section 217 election on eligible income that you have not yet received, you can apply for a reduction to the non-resident tax the payer would otherwise need to withhold. To do this, complete Form NR5, Application by a Non-Resident of Canada for a Reduction in the Amount of Non-Resident Tax Required to be Withheld, and send it to the CRA for approval **on or before** October 1, or before the first payment is due. If the CRA approves your application, you **must** file a section 217 return for each year in the approval period.

Note

If approved, Form NR5 is valid for a period covering five tax years. However, if your situation changes during this period, you may need to file a new Form NR5. For more information, go to canada.ca/taxes-international, scroll down to “Topics for payers” and click “Form NR5 – 5-year Administrative Policy.”

The CRA will use the information you give on Form NR5 to determine if a section 217 election will benefit you. If the election is beneficial for you, the CRA will authorize your Canadian payer(s) to reduce the amount of non-resident tax withheld from your benefits during the approval period.

Before you file

Do you need to file a section 217 return?

You **must** file a section 217 return for **each** year of the period covered by the approved Form NR5, Application by a Non-Resident of Canada for a Reduction in the Amount of Non-Resident Tax Required to be Withheld. However, even if you did **not** send a Form NR5 to the CRA for the year or the CRA did **not** approve it, you may still **choose** to file a section 217 return to apply for a refund of all or part of the non-resident tax withheld on the types of income that are eligible for a section 217 election. See “Eligible section 217 income” starting on page 4.

Which tax guide should you use?

The Income Tax and Benefit Guide for Non-Residents and Deemed Residents of Canada includes the return, schedules, and information you need to complete your section 217 return.

If you emigrated from Canada in 2021, use the tax package for the province or territory where you resided on the date you left Canada.

Section 217 return due date

Your 2021 section 217 return must be filed **on or before** June 30, 2022. However, if you have a balance owing for 2021, you need to pay it **on or before** April 30, 2022, to avoid interest charges.

If you file your 2021 return after June 30, 2022, the CRA cannot accept your section 217 election according to the Income Tax Act. If you file late and the required amount of non-resident tax was withheld on your eligible section 217 income, the CRA will consider the amount withheld to be your final tax obligation to Canada on that income. However, if the payer withheld less than the required amount of tax, the CRA will send you a notice of assessment for the difference.

Note

The due date for filing your section 217 return may be different if you also report other types of Canadian source income on this return. These types could include employment or business income, net Canadian partnership income if you are a limited or non active partner, or taxable capital gains from disposing of taxable Canadian property. For more information, see "Due dates" in the Income Tax and Benefit Guide for Non-Residents and Deemed Residents of Canada.

Completing your section 217 return

To complete your 2021 section 217 return, use the information in this section and the instructions in your Income Tax and Benefit Guide for Non-Residents and Deemed Residents of Canada.

Write "Section 217" at the top of page 1 of your return.

Identification and other information

Complete this section by following the instructions in your Income Tax and Benefit Guide for Non-Residents and Deemed Residents of Canada.

Income

Report the following income on your return:

- all eligible section 217 income paid or credited to you in 2021 (for more information, see "Eligible section 217 income" starting on page 4 of this pamphlet; Schedule C, Electing under Section 217 of the Income Tax Act; and the Income Tax and Benefit Guide for Non-Residents and Deemed Residents of Canada)
- your 2021 Canadian-source employment and business income, net Canadian partnership income if you are a limited or non-active partner, and any taxable capital gains from disposing of taxable Canadian property

Schedule C, Electing under Section 217 of the Income Tax Act

Complete this schedule if you were a non-resident of Canada for the entire year and you are electing to file a return under section 217.

Schedule C is divided into two parts to calculate:

- your section 217 eligible income after adjustments
- the amount of non-resident tax a payer must withhold on your eligible section 217 income
- the section 217 tax adjustment

In Part 1 of Schedule C, report your eligible section 217 income and calculate the amount of non-resident tax you are required to pay on your eligible section 217 income. The amount you calculate may be different from the non-resident tax withheld on this income. This may happen if the payer did not withhold the required amount of tax or if the CRA approved a reduction in the amount of tax to be withheld as a result of the Form NR5 you submitted.

Deductions

Claim only the deductions that apply to you as a non-resident electing under section 217. For a list of deductions, see the Income Tax and Benefit Guide for Non-Residents and Deemed Residents of Canada.

Calculating your federal tax

If you file a section 217 return, you **must** complete Schedule A, Statement of World Income, before you calculate your tax on your return.

Schedule A, Statement of World Income

Report your world income on Schedule A. World income is income for the year from all sources inside and outside Canada.

Your income from Canadian sources is the total of your net income (line 23600 from your section 217 return), **plus** other types of Canadian-source income that are not included on this return, such as dividends, interest, rental income, or worker's compensation benefits.

Income from foreign sources (when the CRA mentions foreign source in this pamphlet, it is referring to sources outside Canada) includes income from employment, self-employment, pension, investment, rental, capital gains, and any other foreign-source income that you would have included on your return if you had been a resident of Canada.

You report your foreign-source income on your Schedule A, but you may also use it on your return. For more information, see "Step 5 – Federal Tax" on page 9.

Note

Your world income determines the allowable amount of federal non-refundable tax credits on Schedule B (see page 10) and the section 217 tax adjustment (see page 12).

Example 1

Jeff is a resident of the United States. In 2021, Jeff's world income (in Canadian dollars) includes the following amounts:

- \$18,000 from a pension plan in Canada
- \$500 in dividends from Canadian stocks
- \$500 interest from a savings account in the United States

Jeff elects to file a return under section 217 to have the pension income taxed at a lower rate. On his return, Jeff reports the \$18,000 pension (eligible income for section 217). Since Jeff has no deductions, the taxable income on line 26000 of his return is \$18,000.

Jeff does not report any bank interest or dividends on his return. The United States interest is not subject to tax in Canada but is reported on line 8 of Schedule A. The dividends from Canada are subject to non-resident withholding tax, which is Jeff's final tax obligation to Canada on that income, and is reported on line 2 of Schedule A.

When Jeff completes Schedule A, the net world income reported on line 14 and the net world income after adjustments reported on line 16 would be \$19,000.

Step 5 – Federal Tax

To calculate your tax payable, which includes the surtax for non-residents and deemed residents of Canada, you need to complete the return included in the Income Tax and Benefit Guide for Non-Residents and Deemed Residents of Canada.

Enter **whichever amount is more** on line 68 of your return:

- the taxable income reported on line 26000 of your return
- your net world income after adjustments from line 16 of Schedule A

If you use the net world income after adjustments from line 16 of Schedule A to determine your federal tax, you need to calculate the section 217 tax adjustment amount using Part 2 of Schedule C. For more information, see "Section 17 tax adjustment" on page 12.

Note

If you are also reporting Canadian-source employment or business income on your return, you need to pay tax on that income to the province or territory where you earned it. To calculate your tax payable, complete Form T2203, Provincial and Territorial Taxes for Multiple Jurisdictions.

Federal non-refundable tax credits

These credits reduce your federal tax.

You can claim all of the federal non-refundable tax credits that apply to you on your return. However, under section 217 of the Income Tax Act, the amount of the credits you can use to reduce your tax may be limited.

Once you complete Part B of Step 5 of your return, complete Part B of Schedule B to calculate the allowable amount of federal non-refundable tax credits.

Schedule B, Allowable Amount of Federal Non-Refundable Tax Credits

The allowable amount of federal non-refundable tax credits depends on the portion of net world income (line 14 of Schedule A) that you included in net income (line 23600) on your section 217 return.

If you included **90% or more** of your 2021 net world income in your net income, the allowable amount of federal non-refundable tax credits is the total from line 35000 of your return.

If you included **less than 90%** of your 2021 net world income in your net income, the allowable amount of federal non-refundable tax credits is **whichever amount is less**:

- a) 15% of the eligible section 217 income paid or credited to you in 2021
(Section 217 income is identified starting on page 4; Schedule C also identifies this type of income and gives more detail.)
- b) the total federal non-refundable tax credits you would be eligible for if you were a resident of Canada for the full year (from line 35000 of your return) minus 15% of the total of the following amounts, if any:
 - volunteer firefighters' amount (line 31220)
 - search and rescue volunteers' amount (line 31240)
 - home buyers' amount (line 31270)
 - home accessibility expenses (line 31285)
 - adoption expenses (line 31300)
 - digital news subscription expenses (line 31350)
 - interest paid on your student loans (line 31900)

Example 2

In example 1, Jeff's net world income was \$19,000. To calculate the tax payable, Jeff will enter on line 68 of the return **whichever amount is more**:

■ Jeff's taxable income reported on line 26000 of the return	\$18,000
■ Jeff's net world income after adjustments from line 16 of Schedule A	\$19,000

Jeff has included on his return 90% or more of the net world income. He calculated the percentage on Schedule B as follows:

$$\frac{\$18,000 \text{ (net income on the return)}}{\$19,000 \text{ (net world income on Schedule A)}} = 95\%$$

As a result, Jeff can claim all of the federal non-refundable tax credits (from line 35000 of the return) that would have applied if he was a resident of Canada throughout 2021.

Example 3

If Jeff also earned \$12,000 in interest from United States treasury bonds which does not have to be reported on the Canadian return, he would no longer be including 90% or more of the net world income on his return:

$$\frac{\$18,000 \text{ (net income on the return)}}{\$31,000 \text{ (net world income on Schedule A)}} = 58\%$$

Since Jeff has not included 90% or more of the 2021 net world income on his section 217 return, his allowable federal non-refundable tax credits are limited to **whichever amount is less**:

- a) \$2,700 (15% of Jeff's income eligible for the section 217 election, which is the pension income of \$18,000)
- b) the total federal non-refundable tax credits entered on line 35000 of Jeff's return **minus** 15% of the total of the following amounts, if any:

- volunteer firefighters' amount (line 31220)
- search and rescue volunteers' amount (line 31240)
- home buyers' amount (line 31270)
- home accessibility expenses (line 31285)
- adoption expenses (line 31300)
- digital news subscription expenses (line 31350)
- interest paid on your student loans (line 31900)

Section 217 tax adjustment

If the amount you enter on line 68 of your return is your net world income after adjustments (line 16 of Schedule A), you need to calculate the section 217 tax adjustment.

Your net world income after adjustments may include foreign-source income, which is not taxable in Canada, and Canadian-source income like interest, dividends, or rental income, which is not included in the taxable income on your return. This adjustment reduces your federal tax by the portion of taxes that apply to this income.

Note

You will find the calculation for the section 217 tax adjustment in Part 2 of Schedule C.

Tax payable

The amount on line 43500 of your return is your tax payable if you make the election under section 217.

Part-year residents electing under section 217

Special rules may apply if you are a part-year resident.

You must report your world income for the part of the year you were a resident of Canada, and all section 217 income for the part of the year you were a non-resident. For more information about reporting world income, see the Income Tax and Benefit Guide for Non-Residents and Deemed Residents of Canada.

As a part-year resident electing under section 217, you are subject to provincial or territorial taxes instead of the surtax for non-residents and deemed residents of Canada.

Refund or balance owing

Line 46900 – Eligible educator school supply tax credit

If you included in your net income 90% or more of your 2021 net world income (line 14 of Schedule A) and you were an eligible educator, you can claim an amount for eligible supplies you purchased in 2021.

For more information, see line 46900 of the Income Tax and Benefit Guide for Non-Residents and Deemed Residents of Canada.

For more information

What if you need help?

If you need more information after reading this pamphlet, go to canada.ca/taxes or contact the CRA. To find our address and telephone numbers, see "Contact the Canada Revenue Agency" on page 14.

Forms and publications

If you need a paper version of the CRA's forms and publications, go to canada.ca/cra-forms-publications or call one of the following numbers:

- **1-800-959-8281**, from Canada and the United States
- **613-940-8495**, from outside Canada and the United States. The CRA only accepts collect calls made through telephone operators. After your call is accepted by an automated response, you may hear a beep and notice a normal connection delay

Tax Information Phone Service (TIPS)

For tax information by telephone, use the CRA's automated service, TIPS, by calling **1-800-267-6999**.

Contact the Canada Revenue Agency

By telephone

Calls from Canada and the United States **1-800-959-8281**

Hours of service

Monday to Friday (except holidays)
8 am to 8 pm (local time)

Saturdays (except holidays)
9 am to 5 pm (local time)

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Monday to Friday (except holidays)
9 am to 5 pm (Eastern time)

Saturdays (except holidays)
9 am to 5 pm (Eastern time)

By mail

If you are a non-resident of Canada and your country of residence is:	Send your section 217 return and related documents to:
Denmark France Netherlands United Kingdom United States	Winnipeg Tax Centre PO Box 14001, Station Main Winnipeg MB R3C 3M3
Any other country	Sudbury Tax Centre 1050 Notre Dame Avenue Sudbury ON P3A 5C2

If you immigrated to Canada in 2021 and you live in one of the following provinces or territories, or areas of Ontario:	Send your section 217 return and related documents to:
Alberta, British Columbia, Manitoba, Saskatchewan, Northwest Territories, Nunavut, Yukon	Winnipeg Tax Centre PO Box 14001, Station Main Winnipeg MB R3C 3M3
Ontario: Belleville, Hamilton, Kingston, Kitchener, London, Ottawa, Peterborough, St. Catharines, Thunder Bay, Waterloo, Windsor	
New Brunswick, Newfoundland and Labrador, Nova Scotia, Prince Edward Island, Québec Ontario: Barrie, Sudbury, Toronto	Sudbury Tax Centre 1050 Notre Dame Avenue Sudbury ON P3A 5C2