



NON-RESIDENTS SERVICE PROVIDERS

CANADIAN TAX REGULATIONS

Withholding calculation

Under Canadian tax regulations, Pfizer Canada Inc. must withhold 15% (federal taxes) from payments for services rendered in Canada by non-residents suppliers. An additional 9% (provincial tax) must be withheld on services rendered in the province of Quebec. This is generally referred to as Reg.105 federal withholding tax.

The withholding (tax) calculated on the portion of an invoice relating to services rendered in Canada is deducted from the payment to the supplier and remitted to the Canadian, Federal or Provincial authorities on its behalf.

How the supplier recovers the withholding

The amount of withholding (tax) remitted to the tax authorities in a year on behalf of a supplier is reported on a form (T4A NR) issued by Pfizer at the beginning of the following year (with a copy sent to the supplier). The supplier may then be able to recover the withholding by complying with the Canadian tax laws.

Waiver

In particular circumstances, the Canadian tax authorities can issue a waiver to the supplier which prevents the application of the withholding. If the supplier has obtained such a waiver and provides Pfizer with a copy, there will be no amount withheld.

Procedure

In order to enable Pfizer to comply with these regulations, non-residents service suppliers are "identified" for withholding.

Withholding Process

All invoices from "identified" suppliers are automatically put on hold pending a review by the Pfizer tax department. After review, payments instructions are sent by the Pfizer tax department to the Shared Services center in Memphis (GFSS).

In order to facilitate and document these payments, it is recommended that suppliers provide the following details on their invoices, as applicable:

- 1- Confirmation that no services were rendered in Canada.
- 2- The portion of the invoice that relates to services rendered in Quebec.
- 3- The portion of the invoice that relates to services rendered in Canada and outside Quebec.

Non-residents suppliers should consult Canada Revenue Agency Information Circular 75-6. Required Withholding from Amounts Paid to Non-Residents Providing Services in Canada