

Information on Filing Taxes for Migrant Workers

This information sheet provides useful information for migrant workers on when to file taxes, how to file taxes and the different documentation that is needed.

Introduction

Every individual legally working in Canada including Migrant Workers is required to pay both provincial and federal taxes. An individual's personal situation such as residency status, income level, marital status, medical expenses and number of children will affect how that individual is taxed. It is very important that at the end of each year, individuals report their income to Canada Revenue Agency (CRA). The amount an individual has to pay in taxes depends on how much money is earned.

Why file taxes

Filing taxes is a legal obligation in Canada and it is also the mechanism that is used to calculate if an individual is eligible to receive additional benefits based on their income threshold.

Refunded income: Can only be sent to a Canadian Bank Account

When filing taxes, individuals are also registering their contributions to the Canada Pension Plan (CPP). Individuals who do not file taxes will not be able to receive the money back that they have contributed into their pension plan when they are eligible. View AMSSA's information sheet on CPP for more information.

When to file taxes

Individuals must file their taxes before April 30th for taxes from the previous year's earnings. (example: file your taxes from the 2018 working year before April 30th, 2019)¹

Who files taxes

Migrant workers are required to submit a paper copy when filing taxes for the first time.

Workers hired in Canada under the Seasonal Agricultural Workers Program who are considered non-residents or deemed non-residents are required to submit a paper copy each year.²

How to file taxes

Settlement organizations or migrant worker support organizations often have free or low-cost tax clinics with staff and volunteers who can help a Migrant Worker file their taxes

Documents needed to file taxes

T4	– Shows employment income, this is given every year to employees by their employer by February 28 th for taxes from the previous year's earnings.
T4E	– Shows any type of employment insurance that a worker is receiving, this is created by Service Canada
T1248	– Must be filled out by workers stating their residency status in Canada, this is shared with the Canadian Revenue Agency – This can be found at: https://www.canada.ca/content/dam/cra-arc/formspubs/pbg/t1248/t1234-t1248-fill-18e.pdf
Proof	– Marital status, number of children, doctors or hospital expenses (receipts), transportation, work tools and other expenses (example: education)

Residency status

Individuals residency status determines the amount and type of tax they pay.

Unless temporary foreign workers have established significant residential ties in Canada, they are considered to be one of the following types of residents for tax purposes:

- non-residents
- deemed residents
- deemed non-residents

What are residential ties?

- A home in Canada
- Spouse or common-law partner in Canada
- Social ties
- Canadian driver's license
- Canadian bank account/credit card
- Health insurance in a Canadian province/territory³

References

¹ Doing your taxes. Available at https://www.canada.ca/en/services/taxes/income-tax/personal-income-tax/doing-your-taxes.html#h_1

² Exclusions. Available at <https://www.canada.ca/en/revenue-agency/services/e-services/e-services-businesses/efile-electronic-filers/file-returns.html#h4>

³ Determining your residency status. Available at <https://www.canada.ca/en/revenue-agency/services/tax/international-non-residents/information-been-moved/determining-your-residency-status.html>

Types of residency

Non-Residents	<ul style="list-style-type: none"> – No residential ties in Canada – Have stayed in Canada for less than 183 days in the tax year – A non-resident of Canada is subject to Canadian income tax only on income from Canadian sources
Deemed Non-Residents	<ul style="list-style-type: none"> – Resident of a country that has a tax treaty with Canada – Deemed non-residents are taxed the same as non-residents – For example, Canada has an income tax treaty with some of the countries that have workers participating in the Seasonal Agricultural Workers Program from: Mexico, Barbados, Jamaica, and Trinidad and Tobago
Deemed Residents	<ul style="list-style-type: none"> – In Canada for 183 days or more in the tax year – Have NOT established residential ties with Canada or a resident of a country that has a tax treaty with Canada – Deemed residents are subject to pay taxes in Canada from income received from anywhere in the world.⁴

- Income from a business in Canada
- Income from a Canadian resident
- Canadian scholarship, bursary or research grant that is taxable
- Taxable capital gains from disposing of certain Canadian property, and
- Receiving income from providing services in Canada not including those in the course of regular and continuous payment.⁵

Which tax package to use depends on the type of income the worker is receiving

- Only receiving income from an employer or business
—> guide T4058, non-residents and income tax from the province/ territory where the income is received
- If a worker is ALSO receiving income from taxable scholarships, fellowships, bursaries or research grants
—> form T2203, Provincial and Territorial Taxes- multiple jurisdictions
- If a worker ONLY receives taxable Canadian income such as scholarships, fellowships, bursaries or research grants or from a business that does not have permanent establishment in Canada
—> income tax and benefit package for non-resident and deemed residents of Canada.⁶

After filing taxes:

For an individual's first-time filing taxes, it can take up to 16 weeks to process. After an individual's first-time filing taxes, it takes between 2-8 weeks to process.

A notice of assessment is given to individuals after they have filed taxes as a summary for each year. It is an important document that workers should keep safe. It provides proof that individuals have filed taxes and shows whether individuals will receive a refund or need to pay additional tax money to the government.

Additional tax credits

Individuals are given a non-taxable income for child care benefits each month if they meet the following eligibility requirements.

- Primarily responsible for the care of a child under 18 years old.
- An individual or their spouse/common-law partner must be a resident or deemed resident of Canada.

For more information on how Seasonal Agricultural Workers are taxed in Canada visit: <https://www.canada.ca/content/dam/cra-arc/formspubs/pub/rc4004/rc4004-19e.pdf>

Tax obligations for non-residents and deemed non-residents

There are two main tax obligations for non-residents and deemed non-residents of Canada. In order for the right amount of tax to be deducted from a worker's paycheck, workers must tell their employer if they are not a resident of Canada and their country of residence.

If a non-resident or deemed-resident receives income from any of the following sources in Canada, they must pay tax.

- Dividends
- Rental and royalty payments
- Pension payments and CPP benefits
- Old age security
- Retiring allowances
- RRSP/RRIF/annuity payment, and
- Management fees

References

⁴Determining your residency status. Available at <https://www.canada.ca/en/revenue-agency/services/tax/international-non-residents/information-been-moved/determining-your-residency-status.html>

⁵Non-residents of Canada. Available at <https://www.canada.ca/en/revenue-agency/services/tax/international-non-residents/individuals-leaving-entering-canada-non-residents/non-residents-canada.html>

⁶Your tax obligations. Available at <https://www.canada.ca/en/revenue-agency/services/tax/international-non-residents/individuals-leaving-entering-canada-non-residents/non-residents-canada.html#tblqtns>