CRA announces release of its report on the Regulation 105 waiver process consultation

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On April 7, 2026, the Canada Revenue Agency (the CRA) announced the publication of its Consultation on the Income Tax Regulation 105 Waiver Process report, dated March 31, 2026 (the Report).

The CRA held an external consultation in the form of an online questionnaire from June 30 to August 29, 2025, on the Regulation 105 waiver process, which generally mandates the remittance of a 15 per cent withholding tax on payments made to non-residents for services provided in Canada. The CRA invited non-residents subject to Regulation 105, tax advisors, and Canadian businesses to share feedback on the Income Tax Regulation 105 waiver process.

The CRA recognized a need for change in the waiver process and indicated that overall, participants expressed dissatisfaction. The key findings of the report include:

- Long wait times, which are the most difficult part of the waiver process
- The disproportionate effort required to apply for a waiver compared to the level of compliance risk
- Cash flow and payroll challenges faced when requesting a reduction or waiver of withholding
- Dissatisfaction with withholding requirements when no Canadian tax is owed (for instance, due to a tax treaty) and the need to gross-up payments in such circumstances

The key areas for improvement noted by the CRA are as follows:

- Online submission and application tracking (most common suggestion)
- Enhanced support and guidance
- Industry-specific exemptions
- Adoption of attestation-based processes
- Expanding eligibility for the simplified waiver process

At present, the CRA is reviewing the feedback gathered and is assessing potential changes to improve the Regulation 105 waiver process. Importantly, the CRA has indicated that changes will be introduced gradually to enhance efficiency and improve

ease of use, starting with administrative measures in the near term (in late spring 2026), to be followed by enhancements to the digital experience over the longer term.

Further details on implementation and engagement opportunities will be communicated by the CRA as plans progress.

By

Joelle Kabouchi

Expertise

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BLG Offices

Calgary
Centennial Place, East Tower
520 3rd Avenue S.W.
Calgary, AB, Canada
T2P 0R3

T 403.232.9500
F 403.266.1395

Ottawa
World Exchange Plaza
100 Queen Street
Ottawa, ON, Canada
K1P 1J9

T 613.237.5160
F 613.230.8842

Vancouver
1200 Waterfront Centre
200 Burrard Street
Vancouver, BC, Canada
V7X 1T2

T 604.687.5744
F 604.687.1415

Montréal
1000 De La Gauchetière Street West
Suite 900
Montréal, QC, Canada
H3B 5H4

T 514.954.2555
F 514.879.9015

Toronto
Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada
M5H 4E3

T 416.367.6000
F 416.367.6749

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