



Tax

Business travel poses tax risks

By AdvocateDaily.com Staff



Business travel often brings to mind jet lag, roaming charges and lost luggage, but employers must also be aware of tax risks that businesses incur when they send employees into or out of Canada on temporary assignments, Toronto tax litigator [Adrienne Woodyard](#) writes in [Lawyers Weekly](#).

"Non-resident employers will incur Canadian tax-withholding obligations on salary paid to their employees that is attributable to work performed in Canada," the article says. "It doesn't matter whether the employees are posted to a customer's premises for three months or working from a hotel room for three days. When an employee, even a non-resident, earns a salary for work performed in Canada, withholding is required."

Woodyard writes, "This surprises (and irritates) many non-resident employers, who often assume that if they have no physical premises in Canada, they fall outside the scope of the Canadian tax regime."

There is a significant administrative cost to setting up a Canadian payroll account solely for the purpose of processing the salary of these employees, the article says.

"An employer that does not comply with its Canadian withholding obligations is liable to pay the tax it should have withheld from the employee, plus penalties and interest," writes Woodyard. "Where the non-resident is a corporation, its directors may be jointly and severally liable."