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Your file / Votre référence

Our file / Notre référence

الكتاب للتعليم الطبي في كندا	
رقم الوارد:	٥٧٥
التاريخ:	29/11/12
الوقت:	11/3/99
الملاحظات:	٥٧٥

Dear Mr. Almakky: RE: Your letter dated July 23, 1998
Taxation in Canada of Saudi medical trainees

We are responding to your letter dated July 23, 1998 in which you requested a confirmation whether the position taken by Revenue Canada on December 17, 1981 with respect to Saudi medical trainees ("Doctors") in Canada is still valid.

In the December 14, 1981 letter from your representative, Arthur Drache, it was stated that :

The doctors in question are members of the Saudi Arabian Civil Service and are paid by the Saudi Government while pursuing post-graduate studies in Canada.

The Saudi students are also in receipt of "scholarships" through the University of Ottawa. These payments are, however, paid by the Saudi Arabian Educational Mission to the University for the purpose of funding the doctors. As I explained, the reason for this approach has to do with internal Saudi rules relating to the remuneration of civil servants.

Thus, despite the form of payment, all the funds received by the student doctors comes from the Saudi government.

From 1981 till now, many Doctors have been coming to Canada to take post-graduate studies at various Canadian universities, usually for periods of 2 to 5 years. Since it is our understanding that the current circumstances are basically the same as they were in 1981, we will continue to treat the Doctors as employees of the Saudi Government for the purpose of paragraph 149(1)(a) of the Income Tax Act.

It is still our views that the Doctors who meet all the criteria set out in paragraph 149(1)(a) of the Act, except for the fact that they are required to carry out duties of an office or employment at a Canadian hospital, without receiving any remuneration from the hospital, are exempt on their taxable income in accordance with paragraph 149(1)(a) of the Act. Failure to meet all of these conditions (e.g.: acceptance of a permanent job in a Canadian hospital) would result in the loss of "immunity" provided under paragraph 149(1)(a) of the Act. Doctors that are considered Canadian residents for income tax purposes would then be taxable on their world income from all sources.

However, where such Doctors do in fact receive employment income from a Canadian hospital in respect of additional employment duties performed for the hospital, for periods of time in a year while pursuing post-graduate studies, this reduces or eliminates the amount of the Doctor's taxable income that may be exempt from income tax under paragraph 149(1)(a) of the Act.

Where an individual, such as a Doctor or their spouse, is a person described in paragraph 149(1)(a) or (b) of the Act, such a person is not entitled to a "goods and services tax credit" under section 122.5 of the Act by virtue of paragraph 122.5(2)(b). Such a person is also denied any "child tax benefits" under section 122.6 of the Act by virtue of paragraph (e) of the definition of "eligible individual" in section 122.6 of the Act. Provincial legislation may also prohibit eligibility for provincial tax credits for persons described in paragraph 149(1)(a) or (b) of the Act.

If you have any questions concerning this letter, you may contact the undersigned by phone at (613) 526-6580 or by fax at (613) 941-9776.

Yours sincerely,



Ken Medland
Resource Officer
Enquiries and Adjustments Division

