

2024 Issue No. 61  
9 December 2024

## Tax Alert – Canada

A reminder to register for the  
*Digital Services Tax Act* by  
31 January 2025

EY Tax Alerts cover significant tax news, developments and changes in legislation that affect Canadian businesses. They act as technical summaries to keep you on top of the latest tax issues. For more information, please contact your EY advisor or EY Law advisor.

The deadline to register for Canada's digital services tax (DST) is approaching quickly. Even if tax is not payable under the *Digital Services Tax Act* (DSTA), registration under the DSTA may be required where certain conditions are met.

The DSTA impacts large domestic and foreign businesses whose corporate group has global consolidated revenues of at least €750 million and who earn Canadian digital services revenue from providing online marketplace services, online advertising, social media services and the monetizing of user data in excess of \$20 million CAD. If a taxpayer or its consolidated group meets the required conditions, the taxpayer(s) will be required to pay a tax equal to 3% on their taxable Canadian digital services revenue in excess of \$20 million CAD in a calendar year.<sup>1</sup> The DSTA entered into force on 28 June 2024, and it applies retroactively to 1 January 2022.

<sup>1</sup> For more information on Canada's DST, see EY Tax Alert 2024 Issue No. 37, [Entry-into-force date set for Canada's Digital Services Tax Act](#); EY Tax Alert 2023 Issue No. 48, [Digital Services Tax Act has been tabled in the House of Commons](#); and EY Tax Alert 2023 Issue No. 36, [Canada moving ahead with its own digital services tax: revised draft legislation released](#).

Notably, “Canadian” digital services revenue is not simply revenue earned from persons in Canada, but includes revenue derived from activities of persons in Canada. For example, Canadian online advertising services revenue includes the revenue earned by a consolidated group that arises as a consequence of a person in Canada viewing or interacting with an online targeted advertisement. The person paying for the advertisement may be located anywhere in the world, and the entity being paid for the advertisement may be outside of Canada, but because the revenue arose from a Canadian viewer of the ad, the revenue constitutes “Canadian online advertising services revenue” for purposes of Canada’s DST.

Each entity in your consolidated group that earns Canadian digital services revenue is required to register under the DSTA if the consolidated group meets the €750 million threshold and the consolidated group earns more than \$10 million CAD of Canadian digital services revenue. Notably, the threshold required to register (\$10 million CAD) is lower than the threshold required for taxation (\$20 million CAD).

While each entity that earns Canadian digital services revenue is required to register, an election is available to designate a particular entity within the consolidated group to file and report Canadian DST on behalf of the group. This election must be filed by 30 June of the calendar year immediately following the reporting year.

If these thresholds apply in respect of the 2022, 2023 or 2024 calendar years, then a foreign or domestic business must apply to register for a DST program account by 31 January 2025.

Information required for registration will include the business’s:

- ▶ Legal name;
- ▶ Business number, if the business already has one;
- ▶ Date and place of incorporation and certificate number, if the business is incorporated;
- ▶ Physical address;
- ▶ Mailing address, if different from the physical address; and
- ▶ Name and phone number of at least one officer or director.

To submit your application to the DST program, businesses will need to use the following DST account registration web form to register: [Contact information](#).

## Implications

Businesses and consolidated groups that are above the threshold for DST should review the DSTA in close detail and be informed of the following upcoming deadlines:

- ▶ **Returns:** Returns are due annually on or before 30 June of the following calendar year (i.e., for 2022, 2023 and 2024, the filing deadline is 30 June 2025).
- ▶ **Designated entity election:** If members of a consolidated group wish to designate a single entity to report DST on their collective behalf, the election must be filed by 30 June of the following calendar year.
- ▶ **Payments:** Payments must be paid on or before 30 June of the following calendar year. Any payments that are \$10,000 or more must be paid electronically unless the taxpayer cannot reasonably pay that amount electronically.

## Learn more

For more information, contact your EY or EY Law tax advisor, or one of the following professionals:

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