

*This guide has been prepared by an independent third-party law firm. The guide is effective as of July 2024 and will not be regularly revised. This guide does not provide legal or tax advice. Instead, Rover encourages you to seek legal and tax advice from a qualified professional to learn about your tax obligations.*

## CANADA - TAX CONSIDERATIONS FOR PET CARE SERVICE PROVIDERS

This guide provides an informative overview of potential tax implications for individuals and sole proprietors providing pet care services through the Rover platform. If you operate through a legal entity or are subject to any special tax regime, different tax requirements may apply and are not covered in this document. The information in this tax guide is not exhaustive and is not intended to be legal advice. In any case, we recommend you to consult with a tax professional to determine your tax position.

Taxes can be complex, so it's essential to stay informed about your tax obligations and maintain compliance. Filing and paying taxes timely and accurately is your responsibility.

For Canadian pet care providers offering services through Rover, it's crucial to understand the various taxes applicable to your income and remit the taxes that apply to you:

- Income taxes (including applicable pension contributions)
- Sales taxes

Please note that Rover has a legal obligation under the digital platform operator reporting rules to report the income earned by users of its platform to the tax authorities. If there is a discrepancy between the income reported by Rover and the income stated on your tax return, you may be subject to questions from the tax authorities.

If you have any doubts about your specific tax obligations, we recommend that you consult official government sources or seek guidance from qualified tax professionals. Please keep in mind that this information may not be current, so it's essential to confirm that the laws or procedures have not changed since this guide was written.

### INCOME TAX

The federal government and each of the provinces and territories of Canada impose an income tax. Provincial/territorial income tax generally applies in addition to, and is not deducted from, federal income tax. The federal government collects personal income taxes for all provinces/territories except for Quebec. Below is a brief outline of the tax that may arise on income earned from short-term accommodations in Canada.

The Canadian tax year generally runs from January 1 to December 31 for individuals.

When are you subject to income tax in Canada

### Canadian Residents

Residents of Canada are subject to tax on their worldwide income. Non-residents of Canada should consult with their personal tax advisor in respect of income earned from providing pet sitting services in Canada which may be subject to Canadian taxation.

### Reporting tax in Canada

The Canadian tax system is a self-assessment system. Individuals are required to determine their own liability for income taxes and file the required returns. Individuals each file their own returns; spouses cannot file jointly. Individuals who earn less than CAD 15,000 of income in a taxation year may not be liable to federal income tax (each province has a different threshold) but would remain responsible for reporting their income and filing a tax return.

Income earned from pet sitting and related expenses (see more information below on potential expenses you can take) are generally reported on Statement of Business or Professional Activities which is used to calculate self-employment income.

Additional similar filing obligations will likely apply if you are a resident or provide pet sitting services in Quebec (more information from Revenu Quebec can be found at: <https://www.revenuquebec.ca/en/citizens/self-employed-persons/your-obligations/>)

### Reporting tax - filing and payment deadline

Individual income tax returns for both residents and non-residents of Canada are generally due on April 30 of the following year (meaning that the 2024 income tax return generally has to be filed by April 30, 2025), or on June 15 (unless it falls on a weekend) where the individual or their spouse is reporting self-employment income (e.g., income from business carried on as a sole proprietor). In either case, taxes owed must be paid by April 30. The filing and payment deadlines generally cannot be extended.

Interest on unpaid taxes begins to run from the April 30 deadline. Since you are self-employed and not an employee, Rover cannot withhold tax on payments made, so you should set aside amounts in respect of tax payment obligations. Penalties may also apply where tax returns are not filed and/or taxes are not paid on time.

Once your tax return has been filed, the Canadian tax authorities should review the return and

issue a notice of assessment to you. This assessment will contain the date the tax authorities reviewed the return, as well as the details about how much tax you may owe, or amounts you may receive as a refund or credit. The return may be reassessed if the Canadian tax authorities later determine the assessment to be incorrect, within certain time limits.

#### Canadian Tax Authority contact details

The contact details for the Canada Revenue Agency are as follows:

- 1-800-959-8281 if you are calling from Canada or the continental U.S.; and
- 1-613-940-8495 if you are calling from anywhere else

Details can also be found on the Canada Revenue Agency [website](#).

The contact details for Revenu Quebec are as follows:

- 1-418-659-6299 if you are calling from Quebec;
- 1-514-864-6299 if you are calling from Montreal; and
- 1-800-267-6299 if you are calling from elsewhere in Canada or the U.S

Details can also be found on the Revenu Quebec [website](#).

#### Canadian income tax rates

Federal and provincial/territorial income tax is levied at marginal rates on individuals. The tax rates differ from province/territory to province/territory and for non-Canadian residents. Tax rates are subject to frequent adjustment, in some cases retroactively. Current personal income tax rates for all provinces/territories may be found [here](#).<sup>1</sup>

#### Employment insurance and pension plans

In addition, net self-employment income may be subject to Canada Pension Plan or Quebec Pension Plan contributions, and on an opt-in basis, Employment Insurance premiums.<sup>2</sup>

#### Typical expenses that can be deducted from an individual's income in relation to pet sitting services

You may be able to deduct certain reasonable expenses incurred to earn income, including any platform fees, or materials such as treats, and other similar expenses. Where you use part of your home, a reasonable portion of the expenses such as property taxes or rent, insurance, and utilities may be able to be deducted.

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<sup>1</sup> Different rates apply for non-residents.

<sup>2</sup> Further information can be found here: [EI benefits for self-employed people](#)

Certain expenses that are capital in nature (i.e., that provide an enduring benefit, such as certain renovation expenses and furniture) and that depreciate in value over time may not be able to be deducted in full when incurred, but may be able to be deducted over time under Canada's capital cost allowance (i.e., amortization) rules.

To claim expenses, proper books and records must be maintained, as generally including the earnings, details about when and how the services were performed, and details about the expenses incurred to perform the services, complete with invoices or receipts.

## SALES TAX

Various sales taxes apply across Canada, with particular rates and taxes varying across provincial/territorial jurisdictions. Canadian sales taxes can be complicated and you should take time to understand the rules as they apply to you and your particular situation. As with all taxes, we encourage you to consult with a tax advisor regarding your potential sales tax obligations in Canada.

The Goods and Services Tax/Harmonized Sales Tax (GST/HST) is a broad based, value added tax that applies on taxable supplies made in Canada.

Quebec sales tax (QST) is similar to the GST/HST; however, it applies to taxable supplies made in Quebec.

Provincial sales taxes (PST) are sales and use taxes, applicable to retail sales of tangible personal property, software and certain enumerated services. PST only applies in the provinces of British Columbia, Manitoba and Saskatchewan.

This chart summarizes the core sales taxes and general rates across Canada:

Province/Territory	PST/Provincial Component of HST (and Type)	Federal Component (GST)	Total
British Columbia	7% (PST)*	5%	12%
Alberta	N/A	5%	5%
Saskatchewan	6% (PST)	5%	11%
Manitoba	7% (PST)	5%	12%
Ontario	8% (HST)	5%	13%
Québec	9.975% (QST)	5%	14.975%
New Brunswick	10% (HST)	5%	15%
Nova Scotia	10% (HST)	5%	15%

Prince Edward Island	10% (HST)	5%	15%
Newfoundland	10% (HST)	5%	15%
Yukon Territory	N/A	5%	5%
Northwest Territories	N/A	5%	5%
Nunavut Territory	N/A	5%	5%

\*Note: The general British Columbia PST rate is 7%; however, there are some exceptions to this rate.

These various sales taxes are described in further detail below.

## GST/HST

Broadly speaking, Canada's GST/HST is a tax on consumption. Most goods and services supplied in Canada are subject to GST/HST. A person who supplies goods and/or services in Canada may have to charge GST/HST and remit this to the Canadian tax authority.

GST/HST generally applies to supplies of pet services performed in Canada, generally at the GST/HST rate applicable in the province in which the pet service is performed.

Do I need to collect GST/HST from pet owners in Canada?

Under current rules, you are generally required to register for GST/HST if your annual GST/HST-taxable sales (whether from pet services provided via Rover and/or other taxable activities) exceed \$30,000 in a 12-month period (note that the 12 month period is not based on one calendar year and may span two calendar years).

If you are registered for GST/HST, you are required to collect GST/HST on your taxable supplies and remit it to the Canadian tax authority. Pet services, including, training, boarding, walking and visiting, (among others) are generally taxable services for GST/HST purposes.

I am required to collect GST/HST. How do I determine how much GST/HST I need to collect from pet owners?

Suppliers of taxable supplies that are required to collect GST/HST need to determine the rate of the GST/HST that applies and collect tax at the correct rate. GST/HST rates differ across jurisdictions and change periodically. We recommend that you check on a regular basis with the Canadian tax authority to get the most up to date GST/HST rates.

The GST/HST rates that currently apply are as follows:

- 5%, for supplies made in Quebec, Manitoba, British Columbia, Saskatchewan, Alberta, Yukon, the Northwest Territories or Nunavut;

- 13% for supplies made in Ontario; and
- 15% for supplies made in Nova Scotia, New Brunswick, Prince Edward Island or Newfoundland and Labrador.

I am required to collect GST/HST. How do I collect GST/HST from customers?

If you determine that you need to charge GST/HST on the supplies that you make to pet owners, you have to collect this GST/HST from your pet owners and report and remit it on a periodic GST/HST return. Once registered for GST/HST, the Canadian tax authority will assign you a filing frequency, which can be monthly, quarterly, or annually. Monthly and quarterly filers are required to file returns by the last day of the month following that period (e.g., a June or Q2 GST/HST return is due to be filed by July 31), with the GST/HST remittance payment required to be made on the same day that the GST/HST return is required to be filed. Annual filers are required to file returns and remit funds within 3 months following the fiscal year (except for individual annual filers with December 31 fiscal year ends, who are generally required to file by June 15 of the following year, with a payment deadline of April 30).

For further guidance on filing returns, please see the Canadian tax authority's [website](#).

Note that if you are registered for GST/HST, you may be able to claim input tax credits in your GST/HST returns, for GST/HST paid on expenses related to the taxable supplies that you offer.

Note that the Quebec tax authority administers the GST/HST in Quebec.

## QST

QST is virtually identical to the GST/HST; however, it applies to supplies made in Quebec. Accordingly, both 5% GST and 9.975% QST will generally apply to your taxable supplies made in Quebec. Comments above regarding the GST/HST effectively apply identically for QST purposes, including the \$30,000 registration threshold.

## Provincial Sales Tax - British Columbia, Saskatchewan and Manitoba

British Columbia, Saskatchewan and Manitoba each impose a provincial sales tax or retail sales tax on most sales of tangible personal property and certain specified enumerated services within the particular province.

In British Columbia, most services to animals are PST-exempt, including boarding, dog walking, grooming and training, among others. Some further detail regarding the application of British Columbia PST in the context of pet services is available [here](#).

In Saskatchewan, while goods and services provided by registered veterinarians are generally

subject to PST, pet services, including grooming and kenneling (amongst others) are generally exempt.

In Manitoba, some pet services are taxable including grooming services; however, others are exempt, including boarding and training services. Some further detail regarding the application of Manitoba PST in the context of pet services is available [here](#).

Despite the above information, you should confirm whether the particular services you offer are subject to PST. If you are providing services that are subject to PST in a province, you may have to register and collect PST in that province. However, even if you make PST-taxable sales, you may not be required to register to collect and remit PST if your PST-taxable sales do not (or are estimated not to) exceed a certain threshold (generally \$10,000 in any 12 month period).

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