MERCK & CO., INC., RAHWAY, NJ USA
CANADIAN WITHHOLDING TAX ASSESSMENT

SUMMARY OF WITHHOLDING TAXES:

Under Regulation 105 of the *Income Tax Regulations* (Canada), a payment made to a non-resident of Canada for services performed in-person or virtually in Canada is subject to a 15% withholding tax. Similarly, under Regulation 1015R18 of the *Regulation respecting the Taxation Act* (Quebec), a payment made to a non-resident of Canada for services performed in-person or virtually in the province of Quebec (in Canada), is subject to an additional withholding tax of 9%.

In order for our company to withhold the required taxes, please answer the questionnaire on the Withholding Taxes Decision Tree below to categorize the nature of your business and conclude whether the services are provided from Canada (including Quebec), or another country. If per the decision tree, the payment is subject to withholding taxes, you will receive the payment net of withholding taxes.

Please note that you can apply for a withholding waiver (subject to specific deadlines, as indicated below) with the respective taxation authority (Canada Revenue Agency and/or Revenue Quebec). Upon receipt of a confirmation of waiver of withholding taxes (" Withholding Waiver Letter") from the respective jurisdiction, our company will not be required to withhold taxes and as such, you will receive your payment in full.

CANADIAN SUBCONTRACTORS:

Although a non-resident supplier is not performing services in Canada but it employs a Canadian subcontractor to perform services in Canada, our company still has a legal obligation to withhold taxes from the payment to the non-resident supplier, unless a Withholding Waiver Letter is provided to our company. This applies both for the Canada Revenue Agency (15%) and Revenue Quebec (9%). Please take note that all out-of-pocket disbursements (ex: travel expenses, meals etc.) for a Canadian subcontractor performing services in Canada are also subject to the withholding taxes.

WITHHOLDING WAIVER LETTER:

As already indicated, where applicable, our company has a legal obligation to withhold relevant taxes unless the non-resident supplier provides a Withholding Waiver Letter(s) from the relevant tax jurisdiction(s) before the first payment is made to the supplier. It is the supplier's responsibility to ensure that the withholding waiver forms are filed on time and contain all the required information in order to obtain the Withholding Waiver Letter(s). As of October 21, 2024, the links for the withholding waiver forms are as follow, but please note that it remains the supplier's responsibility to ensure that the latest versions of the forms are filed with the respective tax jurisdictions:

Federal: https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/r105.html

Quebec: https://www.revenuquebec.ca/en/online-services/forms-and-publications/current-details/tp-1016-v/

DEADLINES:

A request for Withholding Waiver Letter should be filed within (1) 30 days before the start of services in Canada; or (2) 30 days before the receipt of first payment for those services.

FINAL ASSESSMENT OF THE WITHHOLDING TAXES APPLICATION:

In order to assess whether withholding taxes are applicable, please consult the Withholding Taxes Decision Tree in order to make the final assessment, and indicate whether our company should withhold the taxes for each jurisdiction below:

Federal (15%) Yes ☐ **No** ☐

Quebec (9%) Yes ☐ **No** ☐

NAME OF SUPPLIER:

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ADDRESS OF SUPPLIER:

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The supplier hereby agrees that, in the event of any change in supplier's assessment as indicated above, the supplier will immediately re-execute this Canadian Withholding Tax Assessment in the appropriate manner and deliver same to our company, in order to ensure due compliance with Canadian withholding taxes.

This Canadian Withholding Tax Assessment has been executed by the undersigned:

SUPPLIER'S REPRESENTATIVE NAME: ____

Signature: ____

Date: ____

Disclaimer: Please be advised that it is the supplier's responsibility to ensure compliance with all relevant Canadian tax legislation as a non-resident.

For any information regarding this form, or any question related to withholding taxes, please reach out to our Canada Tax Team at Canada.whtaxteam@msd.com

WITHHOLDING TAXES DECISION TREE
(Applicable to Federal and Quebec taxes)