Canada/US Cross-Border Tools

Leaving Canada Checklist

- Ensure date of non-residency is supported by facts.
- When earning Canadian rental income as a non-resident, make appropriate elections to reduce withholding tax.
- When disposing of taxable Canadian property (land, buildings and other certain properties located in Canada), as a non-resident obtain the necessary clearance certificates.(bullet)
- Avoid selling Canadian home while resident in a foreign country to preclude foreign taxation of the capital gain. (Note that certain tax treaties contain provisions, which may override this general rule. Professional advice should be obtained on specific situations.) (bullet)
- Consider deemed disposition rules and elections when ceasing residence. (bullet)
- Review investment portfolio prior to leaving with a view to minimizing departure tax. (bullet)
- If departure tax liability is high consider the possibility of moving the date of termination of residence to take advantage of lower graduated rates. (bullet)
- Maximize RRSP contributions. (bullet)
- Review the methods of withdrawing funds from an RRSP as a non-resident, lump-sum withdrawals will be subject to 25% withholding tax. An election to file a Canadian tax return is available and may result in a lower tax liability; however, the ability to reduce taxes using this election has been severely restricted. (bullet)
- Plan to give up residence at a date, which allows you to split your income between the countries to take advantage of lower marginal tax rates. Remember that personal deductions will be prorated. (bullet)
- Ensure a final Canadian tax return is filed so that any Canadian taxes owing to/from the government can be settled. (bullet)
- Review all health and pension plans, to determine advisability of continued participation. (bullet)
- Consider impact of any relevant income tax treaty. (bullet)
- Consider the fact that Canada continues to tax gains on stock options, granted while a resident of Canada, subsequent to ceasing residence. (bullet)
- Consider availability of the overseas employment tax credit and foreign tax credit if Canadian residence will not cease on departure. (bullet)

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