

# Moving outside Canada?

## Expatriate Tax Solutions 2003

Here is a checklist from our Expatriate Tax Solutions team to help you remember the tax related details that many residents overlook.

Now that you are moving, details affecting your family, home and job must be resolved. A frequently overlooked, yet extremely important issue is your tax status in Canada. Although you will soon no longer be a resident, the Canada Revenue Agency (CRA) will continue to assume that you are—unless the proper items have been adequately taken care of. To help you in understanding and concluding some common tax related issues, our team of Grant Thornton practitioners have prepared the following checklist.

### Before you go, don't forget to...

- Cut (sever) your ties to Canada
- Prepare to file a tax return for the year you leave Canada
- File all relevant special forms with your year of departure tax return
- Consider making use of any unused RRSP contribution room
- Make preparations for paying a departure tax, if applicable
- Inform all relevant Canadian financial institutions that you will no longer be a resident of the country

If you have not considered all of the items on the checklist, you are not alone. Here's more information about the actions you may need to take.

### Sever your ties to Canada

Canada taxes individuals based on their residency status. The Canadian Income Tax Act does not contain a statutory definition as to when someone is a resident of Canada. Each case is determined on its own "facts and circumstances".

If you have not adequately cut your ties to Canada, the Canada Revenue Agency may consider you as continuing to be a resident. As such, Canada will continue to tax you on your worldwide income.

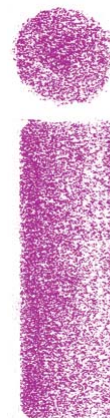
### Remember to file a tax return for the year you leave Canada

This return is due April 30 (or June 15 if you have self-employment income) of the year following the year of your move.

Again failure to advise the CRA of your correct residence status can lead to demands to file a return and increase your costs.

### File all special forms with your year of departure tax return

Failure to file these forms may result in penalties.



### **Make use of any unused Registered Retirement Savings Plan contributions**

If you have any unused RRSP contribution room (see your last Notice of Assessment), you may make a deductible contribution after you have left Canada. You may make the contribution at any time during the year of departure and within 60 days thereafter (this is usually March 1 of the following year).

### **Departure tax**

If at your date of departure, you have significant appreciated capital assets, you may be subject to a departure tax.

If you do not have the funds to pay the tax, you must post acceptable security with the CRA. You must either pay the tax, or post security by April 30 (or June 15 if you have self-employment income) of the year following the year of your move.

### **Inform the Canadian financial institutions that you maintain accounts with that you are leaving Canada**

If you do not inform your financial institutions, they will issue incorrect tax slips (resident slips such as T5s instead of nonresident slips). The Canada Revenue Agency may then issue you a demand to file a Canadian tax return.

### **How we can help?**

Our Expatriate Tax Solutions practice is dedicated to assisting individuals who relocate between countries in North America and around the world. We can help identify and resolve the tax issues surrounding your move, like the ones mentioned above, so you can concentrate on other things and make the transition to your new home smoother.

If you require any information or assistance, contact our National Practice Leader, Dean Smith, at the contact information below.

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