

Interview Questions for Cross Border Canada to US Clients

Before our initial consultation, answers to the questions provided below will be helpful. Cross border taxation is not simple and since the tax treaty between the US and Canada trumps domestic law, simply reading CRA and IRS publications will not provide all the facts, nor provide sufficient long term guidance. That's where we come in as your advisor/return preparer. Email, fax or send this form through our secure portal prior to our conversation so we can better assist you.

Email= documents@traveltax.com, Fax 877.872.8829, secure portal for file uploads linked at www.traveltax.com

Canadians working in the US: *If it is determined that you are emigrating and cease to be a tax resident of Canada, it is imperative that you collect a copy of the RRSP(s), TFSA(s) statement(s) for the month you departed, an appraisal (not necessarily formal) of all assets left in Canada and any other accounts that are not government pensions or amounts that you cannot tap into at will.*

- 1) How long do you intend to work/stay in the US? - *If you have a TN visa, assume that you can renew it indefinitely.*

- 2) What kind of Visa will you hold? _____
- 3) Will a spouse and/or dependents come with you? If so, when? Close to the commencement of your employment or at a later date? _____
- 4) Do you hold TFSAs or RESPs? _____
- 5) What state are you moving to? _____
- 6) Do you have property/real estate or other non-retirement assets that will remain in Canada? _____
If yes, do you have significant gains if you would sell them today? _____
- 7) Will you retain rental property in Canada? _____
- 8) If moving to the US, will you hold > 10K abroad (out of the US)? _____
- 9) Do you have a balance in your LLP or HBP? _____
- 10) If emigrating from Canada, will you retain a job in Canada? _____
- 11) Do you have a Canadian corporation? _____
- 12) If you are working with a staffing agency in the US, will you maintain a dwelling in Canada (apartment, home you own, or other rental)? _____
- 13) Will you have rental property in the US? _____
- 14) Will you have continued interest, dividend or capital gain income from Canadian sources that is not held in a RRSP or LIRA?

- 15) Will you need taxpayer identification numbers for your spouse or dependents? (US=ITIN, Canada = ITN)? _____

Filing Timeline for Canada to US Cross Border Clients

When emigrating from Canada or working in the USA, filing taxes, especially the first year, can be overwhelming which is why we're here to help. Below is a timeline of common tax related obligations you will have.

Working temporary assignments in the US

- 1) You will report all US income on a Federal and state tax return (generally as a non-resident)
- 2) You will report all US income on your Canadian return
- 3) CRA will credit you for taxes paid. If the Canadian tax is higher, you will pay the difference.
- 4) If working in California, California will require your Canadian income to be reported on the CA return and used to determine the ratio of in state and out of state income

Emigrating from Canada to the US

First Year

- 1) You will file a departure return with CRA showing the date you exited as a tax resident. All Canadian source income will be taxed by CRA to that date
- 2) All balances in LLPs and HBPs will be treated as distributed income
- 3) You will need a copy of statements issued closest to your departure date that show the FMV of RRSPs, TFSAs and all other financial accounts that are remaining in Canada.
- 4) You will declare the fair market value (FMV) of all property left in Canada including real estate and any investment accounts that are outside RRSPs and similar accounts. You may want an official appraisal if the real estate is a rental or used in a business.
- 5) You may be required to pay capital gains tax on the difference between exit FMV and your cost basis of the asset
- 6) You will either file a Dual Status or Resident tax return with the US and state(s), possibly reporting global income for that tax year.
- 7) You will report all foreign financial accounts to the US Treasury when the aggregate balances are > 10K USD
- 8) You will be taxed on any earnings from TFSAs received from the entry date forward
- 9) If moving to California, California will tax all earnings in RRSPs from the moment you arrive
- 10) If you are requesting ITINs for your spouse or dependents, you will need to get a certified copy of their passport from a Canadian passport office, consulate or embassy. Get at least two.
- 11) If #10 is not possible, and you need ITINs, you will have to take your completed documents to an IRS office that handles passport/foreign document review.
- 12) Most all first year returns will have to be mailed and refunds may take as long as 6 months.

Subsequent Years

- 1) No return with CRA will need to be filed unless you have income from Canadian sources
- 2) Each year, you will need to collect the year end statements on all RRSPs, TFSAs and all other financial accounts.
- 3) #7,8,9 from the first year will continue to apply