



## **SSC # 45 – CANADIANS & U.S. TAXATION**

### **This course is eligible for:**

**4 CE Life & A&S credits for BC, SK, MB & ON.**

**3 CE LIFE credits ONLY for AB.**

### **What will the Financial Advisor learn as a result of completing this course?**

Every winter, over one million Canadian seniors and retired folk move south to the United States to escape the frigid temperatures. While the warmer weather is a welcome change, U.S. taxes for Canadian snowbirds may not be.

Snowbirds who spend their time in the United States have to pay special heed when filing their tax returns. The U.S. tax implications for Canadian snowbirds must be considered well ahead of time to avoid potentially adverse tax consequences on both sides of the border.

Unfortunately, the internet does not always help. There are many myths and misconceptions about U.S. taxation, and sometimes determining what source of information to rely on and what source of information has most up-to-date and accurate framework is not that simple. For instance, some are led to believe that spending 182 days or less in the United States in any given year will not render snowbirds as “residents” for U.S. tax purposes. This is not always the case and could, in fact, cause you to inadvertently trip over the U.S. tax residency rules.

This is because Canadian snowbirds who spend winters in the United States may find that they are subject to tax by the Internal Revenue Service on their worldwide income. It is important to understand the U.S. tax rules – and the actions snowbirds need to take to avoid being taxed south of the border.

For those Canadians and Americans moving or living abroad, careful cross-border financial planning considerations must be given to ensure tax and regulatory compliance in both your home and adopted countries.

Whether you are transitioning residency between Canada and U.S., or you have already made the move but continue to hold investment assets or financial interests in both Canada and the United States, proper cross-border financial planning can integrate and coordinate the asset management of your investments, reduce taxes, and maximize your estate.

This course will give the advisor a working knowledge of the many potential tax problems that face Canadians with ties to the United States. It will also offer up options and strategies that can be employed to lessen or eliminate these potential tax problems.

***DISCLAIMER - As with any professional tax recommendations, you are advised to include your client's Accountant in any cross-border tax scenarios or advice that you are giving.***

**This course covers:**

- Some background issues pertaining to U.S. taxation.
- Applying The Canada-U.S. Tax Treaty & Canadian Snowbird Act to your clients and prospects estate situations.
- Who are considered the taxable parties, and how the U.S. estate tax rules would apply?
- Some recent U.S. tax changes.
- What the Personal Tax Rates and the Transfer Taxes rates are.
- Gift Tax and Generation-Skipping Transfer Tax.
- What happens if one spouse is a U.S. Person.
- Bypass Trusts, using the Spousal Credit under The Canada-U.S. Tax Treaty
- Qualified Domestic Trusts, Credit Shelter Trusts, Charitable Donation Planning, Unlimited Marital Deduction, holding assets between spouses will be looked at.
- What happens if Both Spouses Are U.S. Persons?
- Visitors to the United States.
- What is Sojourning and Deemed Residence, U.S. Source Income
- Investment & rental Income taxation.
- What the tax for non-residents is and what are the US estate tax rates and credits.
- Using various tax relief vehicles such as marital deduction and the Foreign Tax credit.
- How you can reduce double Taxation
- The U.S. Canada exchange of your financial data
- Problems with joint tenancy, and the legal structures that block the U.S. estate tax.
- The advantages and disadvantages of a Specially drafted trust. Canadian partnership for U.S. real estate, Hybrid Canadian partnership & Canadian corporations, and the restructuring of existing property ownership
- Some miscellaneous US tax issues such as life insurance and the proceeds being considered part of the decedent's estate, Estate tax on prior transfers from other decedents, State death taxes, double taxation for Canadians, Canadian mutual funds, and debt in general.
- U.S. Estate planning & IRS Terms and definitions.
- IRS Amnesty Programs for late filers.
- How can the advisor help mitigate any U.S. tax issues.
- The use of insurance to take care of some or all of the U.S estate problems.