Managing Personal Finances

CROSS-BORDER TAX CHECKLIST

Why This Checklist Matters

If you hold savings accounts, investments, or registered plans in both Canada and the U.S., you face dual tax reporting, double taxation risks, and strict foreign account rules.

This guide gives you a simple, annual checklist to stay compliant in both countries.

Who This Mini-Guide Is For

- Canadians moving to the U.S.
- Americans living in Canada
- Dual citizens
- Snowbirds
- Cross-border workers
- Anyone with savings or investments in both countries

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Key Concepts You Must Know

Residency-Based Taxation (Canada)
Canada taxes you on worldwide income if you are a Canadian tax resident.

Citizenship-Based Taxation (U.S.)
The U.S. taxes all U.S. citizens and residents on worldwide income, even if they live abroad.

Foreign Tax Credit (FTC)
A credit that prevents double taxation when both countries tax the same interest or investment income.

Non-Registered Savings Accounts (HISA)
Regular savings accounts. Interest is taxable annually in both countries.

TFSA / FHSA
Tax-free in Canada. Taxable in the U.S.
The IRS often treats them as foreign trusts.

RRSP
Tax-deferred in both countries if you **elect treaty protection.**

RESP
Tax-deferred in Canada.
Treated as a **foreign grantor trust** in the U.S.

FBAR (Form 114)
U.S. reporting for foreign accounts exceeding $10,000 total

FATCA (Form 8938)
U.S. reporting for foreign financial assets.

T1135
Canadian reporting for foreign property over $100,000.

Real-World Examples

Example 1: U.S. Citizen Living in Canada
Canada taxes Canadian HISA interest, and the U.S. does too.
Foreign tax credits eliminate double taxation.

Example 2: **Canadian Moving to the U.S. With a TFSA**
Canada keeps TFSA tax-free.
U.S. taxes TFSA annually + possible foreign trust reporting.
Most advisors recommend liquidating TFSA before moving.

Example 3: Dual Citizen With RRSP + TFSA
RRSP is treaty-protected.
A TFSA is taxable in the U.S. unless you are not a U.S. tax resident.

Example 4: Snowbird Spending 6 Months in the U.S.
May become a U.S. tax resident if exceeding 183 days.
Canadian HISA interest may become taxable in both countries
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Example 5: Canadian With a U.S. Savings Account
Canada taxes interest because of residency.
U.S. taxes interest because the account is in the U.S.
Foreign tax credits eliminate double taxation.

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ANNUAL CROSS-BORDER TAX CHECKLIST

Your Annual Compliance Checklist

1. Report All Interest Income

- Report Canadian interest on your Canadian tax return
- Report U.S. interest on your Canadian return (if resident)
- Report Canadian interest on your U.S. return (if U.S. person)

2. File Required Foreign Account Reports

U.S. persons:

- FBAR (Form 114) → foreign accounts > $10,000
- FATCA (Form 8938) → foreign financial assets

Canadian residents:

- T1135 → foreign property > $100,000

3. File Foreign Tax Credits

- Form 1116 (U.S.)
- Form T2209 (Canada)
- Track carryforwards (U.S. allows 10 years)

4. Review Registered Accounts

RRSP:

- Confirm treaty election for U.S. tax deferral
- Track withdrawals for FTC

TFSA / FHSA:

- Avoid if U.S. person
- Review for foreign trust reporting (Forms 3520 / 3520-A)

RESP:

- Ensure subscriber is not a U.S. person
- Review foreign trust reporting if applicable

5. Check Residency Status

- CRA residency rules
- IRS substantial presence test
- Snowbirds: track days carefully (183-day rule)

6. Verify Account Balances for Reporting Thresholds

- FBAR → $10,000 total foreign accounts
- FATCA → varies by filing status
- T1135 → $100,000 foreign property

7. Review U.S. State Tax Exposure

- Some U.S. states do not recognize treaty benefits.
- RRSP income may be taxable at the state level.

8. Confirm No Foreign Trust Reporting Is Required

Applies to:

- TFSA
- FHSA
- RESP
- Certain Canadian investment accounts held by U.S. persons

9. Update All Account Records

- Year-end balances
- Interest earned
- Contributions
- Withdrawals
- Foreign tax paid

10. Review Any Life Changes

- Moving between countries
- Becoming a U.S. person
- Losing U.S. residency
- Opening or closing accounts
- Marriage to a U.S. person
- Becoming a dual citizen

These changes can trigger new tax obligations.