

# Do you have U.S. tax-filing obligations?

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The U.S. assesses personal income tax on its citizens, unlike Canada, which assesses personal income tax on its residents. The U.S. means of assessing tax has been long established and is not a recent development.

## Are you considered a U.S. person for tax purposes?

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Consider these questions:

1. Were you born in the U.S. and have maintained your U.S. citizenship?
2. Do you currently possess a valid U.S. green card?
3. Were both of your parents born in the U.S.?
4. Was one of your parents born in the U.S. and have you spent time living in the U.S.?
5. Have you spent 183 days cumulatively in the U.S. this year?

If you have answered “yes” to any of these questions, you may be considered a U.S. person for U.S. tax purposes and should discuss your status with a competent, cross border tax advisor.



## Foreign Account Tax Compliance Act (FATCA)

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Media coverage of recent U.S. tax initiatives – such as the Foreign Account Tax Compliance Act (FATCA) and the potential tax, interest and penalties estimated to be owed to the Internal Revenue Service (IRS) by U.S. persons residing in Canada – has captured the attention of many. U.S. persons living in Canada as residents, and possibly as Canadian citizens, who are compliant for Canadian tax purposes recognize they may not be for U.S. tax purposes.

With FATCA looming on the horizon, there is a greater need for U.S. persons to better understand the various U.S. tax and information filing obligations. FATCA is currently scheduled to be implemented in 2014, and is intended to prevent U.S. persons from evading U.S. tax by using financial accounts held outside of the U.S. Upon implementation, FATCA would require all non-U.S. financial institutions, including those in Canada, to report to the IRS on financial accounts held by their U.S.-person clients with assets over a certain dollar amount.

Previously, Canadian and U.S. taxpayers were solely responsible for calculating and submitting their respective tax returns. With FATCA, the IRS will make it mandatory for all non-U.S. financial institutions to report and assist in its efforts to ensure all U.S. taxpayers are compliant for U.S. tax purposes. The onus will be shared by both individuals and financial institutions in determining who is a U.S. person and reporting such information to the IRS.

### As a U.S. person, how may you be affected?

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If you are, or may be considered, a U.S. person, please inform and discuss your status with your Assante advisor. Your Assante advisor can determine what, if any, impact your U.S. tax status may have on your various Canadian investments, investment accounts, and other assets here in Canada.

With the implementation of FATCA approaching, it is important for all clients of Canadian financial institutions to understand how this U.S. tax initiative might affect them.

### We're here to help

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Your Assante advisor can work with you to review your circumstances and help identify whether you have U.S. tax-filing obligations and how you may be affected by recent U.S. tax initiatives.

We also recommend that you speak to a competent, cross-border tax or immigration professional to further determine the U.S. tax reporting requirements you may face and what steps should be taken in your circumstances.

*The above information is intended to provide general guidance only and should not be construed as legal or financial advice. While the FATCA legislation has been passed, the regulations detailing how it will work and exactly what measures financial institutions will be required to take have not yet been finalized. As a result, the information here could change and will be updated as new information becomes available. It is highly recommended that where it has been determined that you have, or may have, U.S. tax ties, you should speak with competent cross-border tax, will and estate planning experts who regularly engage in cross-border planning. United Financial and/or United Financial and design are trademarks of CI Investments Inc.*

