hen moving to Canada from the US, there are common challenges that individuals often face. These challenges arise from differences in taxation, reporting requirements, and the regulations that oversee one's investment portfolio. As a result, competent cross border legal, investment management, and tax professionals should be sought prior to your departure in order to minimize your tax liabilities and other complications that may arise when in Canada.

This document is intended to assist you in understanding some of the challenges that you may face when relocating to Canada and to provide guidance as to what issues you should discuss with your investment, legal, and tax counsel.

Prior to Relocating to Canada

US citizens and green card holders are required to file IRS tax returns on their "worldwide income" – this includes income earned in Canada. Therefore, if you are planning to stay in Canada indefinitely, consider filing IRS form 8854, "Expatriation Information Statement." Despite the advantages of doing this, there are complications that can arise so seek competent legal counsel.

Be aware of notable tax differences – some of which are outlined your RRSP income to the IRS. However, there are notable exceptions and exclusions that are available.

Normal retirement age for pension plan purposes in Canada is 65, whereas in the US it is 62.

Care should be taken with respect to joint accounts. In the case where one spouse is Canadian, US citizens would still be subject to gifting rules. Joint accounts often complicate taxation matters thereby requiring diligent record keeping.

You may qualify under the 2009 Canada-US Tax treaty changes to receive certain tax credits. Some of the available credits that may be available include: company pension plan credits; Social Security transfer credits; as well as deductions for IRA contributions while a Canadian resident.

Certain types of investment income are more suited to specific accounts. For example, dividend bearing investments are better suited for US non-retirement accounts; income trusts are more suited for Canadian investment accounts. Assistance may be required in structuring both your Canadian and US portfolios.

Canadian mutual fund investments are structured differently than in the US. Great care and planning should be undertaken so that Canadian mutual funds purchased by a US citizen do not fall into the category of Passive Foreign Investment Corporations (PFICs), which would attract as much as 45% tax on earnings.

If you are eligible and qualify for a pension in either Canada or the US, you will receive it. Planning should be undertaken if you have between 10 and 30 years of Social Security contributions (40-120 credits). It may be possible to be granted ñstatusò for the Federal