



Canada Revenue  
Agency

Agence du revenu  
du Canada

# Canadian Residents Abroad

## Is this pamphlet for you?

This pamphlet is for you if you left Canada in the year to travel or live abroad.

This pamphlet will help you determine your residency status for income tax purposes. It also explains the income tax rules that apply to you while outside Canada.

If you spent part of the year in the United States, also see Pamphlet P151, *Canadian Residents Going Down South*.

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La version française de cette publication est intitulée *Résidents canadiens qui séjournent à l'étranger*.

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# Before you start

## Residency status

While you are outside Canada, it is important that you know your residency status. Before you complete your Canadian income tax and benefit return, you need to determine if you are a **factual resident**, a **deemed resident**, a **non-resident**, or a **deemed non-resident** of Canada.

Your residency status depends on the purpose and permanence of your stay abroad, the ties you establish abroad, the length and regularity of your visits to Canada, and your residential ties in Canada.

## What are residential ties?

Residential ties in Canada include:

- a home in Canada;
- a spouse or common-law partner and dependants who stay in Canada while you are living abroad;
- personal property, such as a car or furniture in Canada; and
- social ties in Canada.

Other ties that may be relevant in determining your residency status include a Canadian driver's licence, bank accounts or credit cards issued in Canada, and health insurance with a Canadian province or territory.

## Do you need help determining your residency status?

If, after reading this pamphlet, you are still not sure of your residency status, complete Form NR73, *Determination of Residency Status (Leaving Canada)*, and send it to the International Tax Services Office as soon as possible. We will give you our opinion of your residency status based on the information you provide.

For more information about residency status, see Interpretation Bulletin IT-221, *Determination of an Individual's Residence Status*.

## Are you a factual resident?

You are a factual resident of Canada if you keep significant residential ties in Canada while living or travelling outside the country. The term **factual resident** means that, although you left Canada, you are considered to be a resident of Canada for tax purposes.

### Note

If you **also** establish residential ties in a country with which Canada has a tax treaty, and you are considered to be a resident of that country, you may be considered a deemed non-resident of Canada for tax purposes. For more information, see “Are you a deemed non-resident?” on page 16.

## Types of factual residents

You may be a factual resident of Canada if you are:

- working temporarily outside Canada;
- vacationing outside Canada;
- commuting (going back and forth daily or weekly) from Canada to your place of work in the United States; or
- teaching or attending school in another country (for more information, see Guide RC192, *Information for Students – Educational Institutions Outside Canada*).

## Missionaries

If you are a missionary in another country and you meet certain requirements, you can choose to be considered a factual resident even if you do not keep residential ties in Canada. To make this choice, you must satisfy all of the following requirements:

- be a Canadian citizen or a permanent resident of Canada;
- be in the service of a religious organization that has its national ministry office in Canada;

- be sent out of Canada for five years or less; and
- file an income tax and benefit return and report all income you receive from sources inside and outside Canada for each year you are absent from Canada.

## **Factual residents and income tax**

As a factual resident, we tax your income as if you never left Canada. As such, you will continue to:

- report all income you receive from sources inside and outside Canada for the year, and claim all deductions that apply to you;
- claim all federal and provincial or territorial non-refundable tax credits that apply to you;
- pay federal tax and provincial or territorial tax where you keep residential ties;
- claim any federal, provincial, or territorial refundable tax credits that apply to you; and
- be eligible to apply for the goods and services tax/harmonized sales tax (GST/HST) credit and any related provincial credits.

This applies for the year you leave and for each year or part of a year you are a factual resident while living outside Canada.

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## Example

Tim is an industrial designer. His employer has sent him to work in Hong Kong for 18 months. His spouse and children stay at the family home in Saskatchewan during his absence.

We consider Tim to be a factual resident of Canada for tax purposes because of his residential ties in Canada. When Tim files his Canadian return, he will report his income from all sources both inside and outside Canada, and he can claim all deductions that apply to him. Tim will pay federal tax and Saskatchewan provincial tax. He can reduce both federal and provincial taxes by claiming all federal and provincial non-refundable tax credits that apply to him.

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## Which tax package should you use?

Use the tax package for the province or territory where you maintained your residential ties. Generally, this is the province or territory where you lived before you left Canada. You can get this package at [www.cra.gc.ca/forms](http://www.cra.gc.ca/forms) or by contacting us (see page 20).

## The Canada child tax benefit

If you are eligible to receive the Canada child tax benefit (CCTB), you will continue to receive it and any related provincial or territorial benefits to which you are eligible during your absence from Canada. However, you will have to file a return each year so we can calculate your CCTB. If you have a spouse or common-law partner, he or she will also have to file a return each year.

If your spouse or common-law partner is a non-resident of Canada, he or she will have to file Form CTB9, *Canada Child Tax Benefit – Statement of Income*.

If you have a child while outside Canada, you can apply for the CCTB by sending us a completed Form RC66, *Canada Child Benefits Application*. You can get Form RC66 and the related Booklet T4114, *Canada Child Benefits*, at [www.cra.gc.ca/forms](http://www.cra.gc.ca/forms) or by contacting us.



## The universal child care benefit

If you are eligible to receive the universal child care benefit (UCCB), you will continue to receive it during your absence from Canada. The UCCB payments are usually taxable to the spouse or common-law partner with the lower net income.

## What if your circumstances change?

If your circumstances change, you may no longer be a factual resident.

For example, you may decide to stay permanently in the country where you are working, sell your house in Canada, and move your spouse or common-law partner and dependent children with you (severing all residential ties with Canada).

In such a case, we would usually consider you to be an emigrant for tax purposes for the year that you sever your residential ties. For the rules that apply to you for that year, see Guide T4056, *Emigrants and Income Tax*.

For all following years, you will be considered as a non-resident of Canada. For more information, read “Are you a non-resident?” on page 13.

## Are you a deemed resident?

We consider certain people who live outside Canada and who sever their residential ties with Canada to be deemed residents of Canada for tax purposes.

## Types of deemed residents

You may be a deemed resident of Canada if you are:

- a member of the Canadian Forces;
- a member of the Canadian Forces overseas school staff who chooses to file a return as a resident of Canada;

- a federal, provincial or territorial government employee who was resident of Canada just before being posted abroad or who received a representation allowance for the year;
- a person working under a Canadian International Development Agency assistance program who was a resident of Canada at any time during the three-month period just before starting duties abroad;
- a dependent child of one of the four persons described above and your net income for the year was not more than the basic personal amount (line 300 in the *General Income Tax and Benefit Guide*); or
- a person who, under an agreement or convention (including a tax treaty) between Canada and another country, is exempt from tax in that other country on **90% or more** of their income from all sources because of their relationship to a resident (including a deemed resident) of Canada.

## Deemed residents and income tax

As a deemed resident of Canada, you will continue to:

- report all income you receive from sources both inside and outside Canada for the year;
- claim all deductions, federal non-refundable tax credits, and federal refundable tax credits that apply to you as if you resided in Canada for the year; and
- be eligible to apply for the goods and services tax/harmonized sales tax (GST/HST) credit.

You are subject to federal tax just like other residents of Canada. However, instead of paying provincial or territorial tax like most residents of Canada, you have to pay a surtax for non-residents and deemed residents of Canada and you cannot claim provincial or territorial tax credits.

However, if you have business income from a permanent establishment in a province or territory in Canada, you have to pay provincial or territorial tax on that income, and you may be

entitled to certain provincial or territorial credits related to that income. If this is the case, to calculate your provincial and territorial tax payable, you will need to complete Form T2203, *Provincial and Territorial Taxes – Multiple Jurisdictions*.

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### **Example**

Sean is a member of the Canadian Forces. During the year, he was posted to the U.S. for three years. Before leaving, Sean sold his house in Canada, cancelled his memberships in various organizations, and severed all residential ties with Canada.

We consider Sean to be a deemed resident of Canada for tax purposes. When he files his return for the year, he will report his income from all sources both inside and outside Canada and claim all deductions, federal non-refundable tax credits, and federal refundable tax credits that apply to him.

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### **Did you live in Quebec just before you left Canada?**

In addition to being considered a deemed resident of Canada, under Quebec law you may also be considered a deemed resident of that province. If this is the case, you may have to pay Quebec provincial income tax while you are serving abroad.

For example, if you are a deemed resident of Canada and you were at any time in the year an agent-general, officer, or servant of the Province of Quebec and you were a resident of that province just before your appointment or employment with that province, you have to pay Quebec provincial income tax. To avoid double taxation (surtax for non-residents and deemed residents of Canada **plus** Quebec provincial income tax), attach a note to your federal return telling us that you are subject to Quebec provincial income tax, you are filing a Quebec provincial return, and that you are asking for relief from the non-resident and deemed resident of Canada surtax. For more information, contact us.

The Province of Quebec also grants relief to certain taxpayers who were deemed residents of Canada and Quebec—for example, deemed residents of Canada who are members of the Canadian Forces or at any time in the year an ambassador, minister, high

commissioner, officer, or servant of Canada, and who were also deemed residents of Quebec. For more information, contact Revenu Québec.

## **Which tax package should you use?**

Use the tax package for non-residents and deemed residents of Canada for the year you leave Canada and for all following years that you are outside Canada as a deemed resident. You can get this package at [www.cra.gc.ca/forms](http://www.cra.gc.ca/forms), by contacting us, or from any Canadian embassy, consulate, or high commission.

## **The Canada child tax benefit**

If you are eligible to receive the Canada child tax benefit (CCTB), you will continue to receive it but you are not eligible for any related provincial or territorial benefits during your absence from Canada.

You will have to file a return each year so we can calculate your CCTB. If you have a spouse or common-law partner who is a deemed or factual resident, he or she will also have to file a return each year.

If your spouse or common-law partner is a non-resident of Canada, he or she will have to file Form CTB9, *Canada Child Tax Benefit – Statement of Income*.

If you have a child while outside Canada, you can apply for the CCTB by sending us a completed Form RC66, *Canada Child Benefits Application*. You can get Form RC66 and the related Booklet T4114, *Canada Child Benefits*, at [www.cra.gc.ca/forms](http://www.cra.gc.ca/forms) or by contacting us.

## **The universal child care benefit**

If you are eligible to receive the universal child care benefit (UCCB), you will continue to receive it during your absence from Canada. The UCCB payments are usually taxable to the spouse or common-law partner with the lower net income.

## Are you a non-resident?

**F**or you to be considered a non-resident of Canada, there must be some permanence to your stay abroad. If you leave Canada to settle in another country and you sever significant residential ties with Canada, we consider you to be a non-resident for tax purposes, unless you are a deemed resident as defined on page 9.

### Note

In certain situations, you may be considered a deemed non-resident of Canada. For more information, see “Are you a deemed non-resident?” on page 16.

## Non-residents and income tax

In the year you leave Canada, you are considered to be an emigrant for tax purposes. See Guide T4056, *Emigrants and Income Tax*, for the tax rules that apply for that year.

For all following years, if your situation does not change, you will be considered a non-resident. As a non-resident, you have to file a Canadian income tax and benefit return if you received any of the following types of Canadian-source income:

- income from employment in Canada;
- income from a business carried on in Canada;
- taxable Canadian scholarships, fellowships, bursaries, and research grants; and
- taxable capital gains resulting from dispositions of taxable Canadian property.

If you have to file a return, special rules apply to you. For more information, see Guide T4058, *Non-Residents and Income Tax*.

## **Do you have Canadian-source investment income?**

If so, the payer will usually withhold non-resident tax on amounts paid or credited to you. Do not include these types of income on a Canadian tax return, since the non-resident tax withheld is usually considered to be your final tax obligation to Canada on this income.

If a payer is not withholding non-resident tax from your investment income, you should let the payer know that you are a non-resident of Canada.

### **Note**

Generally, the interest that you receive or that is credited to you is exempt from Canadian withholding tax **if the payer is unrelated (arm's length) to you.**

For more information about non-resident withholding tax, contact us.

## **Do you have Canadian-source pensions, annuities, and similar payments?**

If so, the payer will generally withhold non-resident tax on the amounts paid or credited to you. This tax is usually considered to be your final tax obligation to Canada on these types of income. However, you can choose to pay tax on these types of income under an alternative taxing method and may be able to claim a refund for part or all of the non-resident tax withheld.

For more information, see Pamphlet T4145, *Electing Under Section 217 of the Income Tax Act*.

## **Do you receive old age security pension?**

If so, you may have to file the *Old Age Security Return of Income* each year. For more information, see Guide T4155, *Old Age Security Return of Income Guide for Non-Residents*.

## Do you have rental income from real property or timber royalties on a timber resource property or a timber limit in Canada?

If so, the payer is required to withhold non-resident tax on payments made to you. An alternative taxing method is also available on this type of income.

For more information, see Guide T4144, *Income Tax Guide for Electing Under Section 216*.

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### Example

Allison lives permanently in England. During the year, she received interest income from her bank account in England and business income from a permanent establishment in Canada.

As a non-resident of Canada, Allison will file a Canadian return for the year to report only her business income from Canada. She will not report the interest income from her bank account in England on her Canadian return.

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## Which tax package should you use?

If you are reporting **only** income from employment in Canada or from a business with a permanent establishment in Canada, use the tax package for the province or territory where you earned the income along with Guide T4058, *Non-Residents and Income Tax*.

However, if you are **also** reporting other types of taxable Canadian-source income (such as scholarships, fellowships, bursaries, research grants, capital gains, or from a business with no permanent establishment in Canada), you will need Form T2203, *Provincial and Territorial Taxes – Multiple Jurisdictions*, to calculate your tax payable.

If you are reporting **only** other types of taxable Canadian-source income (such as scholarships, fellowships, bursaries, research grants, capital gains, or from a business with no permanent establishment in Canada), use the *General Income Tax and Benefit Guide for Non-Residents and Deemed Residents of Canada*.

You can get the tax packages you need at [www.cra.gc.ca/forms](http://www.cra.gc.ca/forms) or by contacting us. You can also get the package for non-residents and deemed residents of Canada from any Canadian embassy, consulate, or high commission.

### **The Canada child tax benefit**

As a non-resident, you are not eligible to receive the Canada child tax benefit (CCTB) unless you are the spouse or common-law partner of a deemed resident and you meet the CCTB eligibility requirements.

### **The universal child care benefit**

As a non-resident, you are not eligible to receive the universal child care benefit (UCCB) unless you are the spouse or common-law partner of a deemed resident and you meet the eligibility requirements. The UCCB payments are usually taxable to the spouse or common-law partner with the lower net income.

## **Are you a deemed non-resident?**

If you are a factual resident (read the definition on page 6) or a deemed resident (read the definition on page 9) of Canada and you are considered a resident of another country with which Canada has a tax treaty, you may be considered a deemed non-resident of Canada for tax purposes.

You become a deemed non-resident of Canada when your ties with the other country become such that, under the tax treaty, you are considered a resident of that other country.

See page 19 for the list of countries with which Canada has tax treaties.

### **Deemed non-residents and income tax**

As a deemed non-resident of Canada, the same rules apply to you as a non-resident, read “Non-residents and income tax” on page 13.



## Special credits

If you are a factual resident (see page 6) or a deemed resident (see page 9) of Canada, the following tax credits may apply to you. These credits will reduce your federal and provincial or territorial taxes payable, if applicable.

### Foreign tax credit

You may be able to claim this credit if you paid tax on income or profits to a foreign country on income from that country that you reported on your Canadian return.

In most cases, the foreign tax credit you can claim for each foreign country is the lower of the following two amounts:

- the foreign income tax you paid; or
- the tax otherwise due in Canada on your net income from that country.

#### Note

You generally cannot claim a foreign tax credit for taxes you paid to a foreign country on income you earned in Canada.

To claim this credit, complete Form T2209, *Federal Foreign Tax Credits*, and attach it to your return.

For more information, see Interpretation Bulletin IT-270, *Foreign Tax Credit*.

### Overseas employment tax credit

You may be able to claim this credit if you worked outside Canada for a period of more than six consecutive months. The period must start in the current year or a previous year and must include at least one day in the year you are claiming the credit.

In addition, you must have been employed throughout that period by:

- a person who is a resident of Canada;
- a partnership in which Canadian residents or Canadian-controlled corporations own more than 10% of the fair market value of all the interests in the partnership; or
- a corporation that is a foreign affiliate of a person who is a resident of Canada.

You must have worked throughout all or most of that period to get a contract for your employer or in connection with a contract your employer entered into. The contract has to be to explore for or exploit petroleum, natural gas, minerals, or other similar resources; to perform a construction, installation, agricultural, or engineering activity; or to perform an activity under contract with the United Nations.

**Note**

If you are employed under an assistance program sponsored by the Canadian International Development Agency, you do not qualify for this credit.

To claim this credit, complete Form T626, *Overseas Employment Tax Credit*, and attach it to your return.

For more information, see Interpretation Bulletin IT-497, *Overseas Employment Tax Credit*.

## Tax treaties

Canada has tax conventions or agreements (referred to as tax treaties) with the countries that are listed below.

These tax treaties are designed to avoid double taxation for those who would otherwise have to pay tax in two countries on the same income. Generally, tax treaties determine how much each country can tax the income. For more information, go to [www.cra.gc.ca/treaties](http://www.cra.gc.ca/treaties).

Algeria	France	Luxembourg	Slovenia
Argentina	Gabon	Malaysia	South Africa
Armenia	Germany	Malta	Spain
Australia	Greece	Mexico	Sri Lanka
Austria	Guyana	Moldova	Sweden
Azerbaijan	Hungary	Mongolia	Switzerland
Bangladesh	Iceland	Morocco	Tanzania
Barbados	India	Netherlands	Thailand
Belgium	Indonesia	New Zealand	Trinidad
Brazil	Ireland	Nigeria	and Tobago
Bulgaria	Israel	Norway	Tunisia
Cameroon	Italy	Oman	Turkey
Chile	Ivory Coast	Pakistan	Ukraine
China (PRC)	Jamaica	Papua New	United Arab
Croatia	Japan	Guinea	Emirates
Cyprus	Jordan	Peru	United
Czech Republic	Kazakhstan	Philippines	Kingdom
Denmark	Kenya	Poland	United States
Dominican	Korea,	Portugal	Uzbekistan
Republic	Republic of	Romania	Venezuela
Ecuador	Kuwait	Russia	Vietnam
Egypt	Kyrgyzstan	Senegal	Zambia
Estonia	Latvia	Singapore	Zimbabwe
Finland	Lithuania	Slovak	
		Republic	

## For more information

### What if you need help?

If you need more information after reading this pamphlet, visit [www.cra.gc.ca](http://www.cra.gc.ca), or contact us. You will find the address and telephone numbers on the back cover of this pamphlet.

### Forms and publications

To get our forms and publications, go to [www.cra.gc.ca/forms](http://www.cra.gc.ca/forms) or call **1-800-959-2221** (from Canada and the United States).

If you are outside Canada and the United States, call us collect at **613-940-8495**.

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You can now use your online Canadian banking information to log in to My Account. You can still use your CRA user ID and password, if you prefer.

Discover all that My Account has to offer you. Take the tour at [www.cra.gc.ca/myaccount](http://www.cra.gc.ca/myaccount).

### Tax Information Phone Service (TIPS)

For personal and general tax information by telephone, use our automated service, **TIPS**, by calling **1-800-267-6999** (calls from Canada and the United States).

## What should you do if you move?

If you move, let us know your new address **as soon as possible**. This will ensure that you receive your tax package for next year and any GST/HST credit, universal child care benefit, Canada child tax benefit and child disability benefit payments to which you are entitled. Otherwise, your payments may stop, whether you receive them by **cheque** or by **direct deposit**.

If you have registered with the **My Account** service, you can change your address by going to [www.cra.gc.ca/myaccount](http://www.cra.gc.ca/myaccount). You can also provide us with your new address by phone or in writing. If you are writing, make sure to sign your letter, and include your social insurance number, your new address, and the date of your move.

## To contact us

### By telephone

Calls from Canada and the U.S.....	1-855-284-5942
Calls from outside Canada and the U.S.....	613-940-8495
Fax number .....	613-941-2505

We accept collect calls.

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### By mail

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