



Emigrants and Income Tax 2009

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Is this guide for you?

If you left Canada during 2009 to settle in another country, and you are considered to be an emigrant of Canada for income tax purposes, this guide will explain the special income tax rules that apply to you. It will also help you understand the tax implications of becoming a non-resident.

This guide does not apply to you if you left Canada in 2009 and you were a deemed or factual resident of Canada in 2009. For more information on deemed and factual residents, see Pamphlet T4131, CANADIAN RESIDENTS ABROAD.

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La version française de cette publication est intitulée LES ÉMIGRANTS ET L'IMPÔT.

NOTE: In this publication, the text inserted between square brackets represents the regular print information.

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General information

Before you start

Are you an emigrant?

Generally, you are an emigrant for income tax purposes if you leave Canada to settle in another country and you sever your residential ties with Canada. Severing your residential ties may include:

- disposing of or giving up a home in Canada and establishing a permanent home in another country;
- having your spouse or common-law partner (see the definition in the GENERAL INCOME TAX AND BENEFIT GUIDE) and dependants leave Canada; and
- disposing of personal property and breaking social ties in Canada, and acquiring or establishing them in another country.

Notes

If you are the spouse or common-law partner of a deemed resident and you left Canada in 2009, you may be considered an emigrant

unless, under an agreement or convention (including a tax treaty) between Canada and another country, at least 90% of your world income is exempt from tax in that other country because of your relationship with your spouse or common-law partner.

If you left Canada in 2009 and keep residential ties in Canada, you are usually considered a factual resident. However, if you are also considered to be a resident of another country for the purposes of a tax treaty, you may be considered a deemed non-resident. The ordinary effects of ceasing to be a resident of Canada will apply as if you were an emigrant.

For a list of countries with which Canada has tax treaties, see page 46 [12]. For more information, contact the International Tax Services Office.

Do you need help determining your residency status?

If you left Canada or are planning to leave Canada and need help determining your residency status, complete Form NR73, DETERMINATION OF RESIDENCY STATUS (LEAVING CANADA), and send it to us as soon as possible. We will give you our opinion of your residency

status based on the information you provide on Form NR73. You will find Form NR73 at the end [in the centre] of this guide.

For more information about residency status, see Interpretation Bulletin IT-221, DETERMINATION OF AN INDIVIDUAL'S RESIDENCE STATUS.

When do you become a non-resident?

When you leave Canada to settle in another country, you usually become a **non-resident** for income tax purposes on one of the following dates, whichever is the latest:

- the date you leave Canada;
- the date your spouse or common-law partner and dependants leave Canada; or
- the date you become a resident of the country to which you are immigrating.

If you lived in another country before living in Canada and you are leaving Canada to re-establish a residence in the other country, you usually become a non-resident on the date you leave Canada. This

applies even if your spouse or common-law partner temporarily stays in Canada to dispose of your home.

Note

Generally, you become a deemed non-resident at a time when your residential ties in the other country are such that, under the tax treaty between Canada and that country, you are considered to be a resident of that country and not a resident of Canada.

Are you receiving Canada Child Tax Benefit (CCTB), Child Disability Benefit (CDB), and/or Universal Child Care Benefit (UCCB) payments?

Emigrants are usually not eligible for CCTB, CDB, or UCCB payments. If either you or your spouse or common-law partner receives CCTB (and any benefits from related provincial or territorial programs), CDB, and/or UCCB payments, it is important that you tell us your date of emigration as soon as possible. If you receive a payment after you emigrate, you should notify us at once.

Note

If you are the spouse or common-law partner of a deemed resident and we consider you to be an emigrant in 2009, you may still be eligible for CCTB, CDB, and/or UCCB payments. If this is your situation, you will have to send us a completed Form CTB9, CANADA CHILD TAX BENEFIT–STATEMENT OF INCOME, each year. For more information, contact the International Tax Services Office.

Are you receiving the goods and services tax/harmonized sales tax (GST/HST) credit?

As an emigrant, you are not entitled to the GST/HST credit. If either you or your spouse or common-law partner receives the GST/HST credit, it is important that you tell us your date of emigration as soon as possible. If you receive a GST/HST credit payment after you emigrate, you should notify us at once.

Are you participating in the Home Buyers' Plan (HBP) or Lifelong Learning Plan (LLP)?

When you emigrate from Canada after buying or building a home that qualifies under the HBP, or withdrawing funds under the LLP, you

have to repay the balance of the funds you withdrew by whichever date is earlier:

- 60 days after you become a non-resident; or
- the date you file your return for the year.

If you have not repaid the funds within that time, you have to include the unpaid amount as income on your return for the year you emigrate. For more information, see Guide RC4135, HOME BUYERS' PLAN (HBP), or Guide RC4112, LIFELONG LEARNING PLAN (LLP).

Tax-Free Savings Account (TFSA)

When you emigrate from Canada, you can keep your TFSA and continue to benefit from the exemption from Canadian tax on investment income and withdrawals. However, as a non-resident of Canada you are not entitled to contribute to your TFSA. For more information, visit our Web site at www.cra.gc.ca/tfsa or see Information Sheet RC4466, TAX-FREE SAVINGS ACCOUNT (TFSA).

Will you continue to receive Canadian-source income?

Canadian financial institutions and other payers have to withhold tax at a rate of 25% on certain types of income paid or credited to you after you become a non-resident. The most common types of income subject to non-resident withholding tax include:

- dividends;
- rental payments;
- pension payments;
- Old Age Security pension;
- Canada Pension Plan or Quebec Pension Plan benefits;
- retiring allowances;
- registered retirement savings plan (RRSP) payments;
- registered retirement income fund (RRIF) payments; and
- annuity payments.

If there is a tax treaty between Canada and your new country of residence, the terms of the treaty may reduce the rate of non-resident withholding tax on certain types of income. For information on rates of non-resident withholding tax for the various countries with which Canada has a tax treaty visit our Web site at **www.cra.gc.ca/partxiii-calculator** or contact the International Tax Services Office.

If you receive any of the types of income listed on page 11 [above] after you become a non-resident, contact the payers to let them know that you are a non-resident so they can withhold tax at the applicable rate.

Notes

In general, as of January 1, 2008, arm's length interest paid or credited to non-residents of Canada is exempt from Canadian withholding tax. For more information, see Guide T4061, NR4 – NON-RESIDENT TAX WITHHOLDING, REMITTING, AND REPORTING.

Interest on Canada Savings Bonds and treasury bills is not subject to non-resident withholding tax.

Do you have to report income that has non-resident tax withheld?

Usually, you do not report on your Canadian return any income from Canada from which non-resident tax was withheld, since this tax is your final tax obligation to Canada on this income.

However, if you receive rental income from real property in Canada or timber royalties on a timber resource property or a timber limit in Canada, you can choose to pay tax on these types of income under an alternative taxing method. By doing this, you may be able to receive a refund for part or all of the non-resident tax withheld. For information, see Guide T4144, **INCOME TAX GUIDE FOR ELECTING UNDER SECTION 216**.

An alternative taxing method is also available on certain other types of Canadian-source income. For details, see the section called "Election under section 217 of the **INCOME TAX ACT**" on page 39 [10].

If you receive the Old Age Security pension, you may have to file Form T1136, **OLD AGE SECURITY RETURN OF INCOME**. For more

information, see Guide T4155, OLD AGE SECURITY RETURN OF INCOME GUIDE FOR NON-RESIDENTS.

Has your Canadian payer withheld too much non-resident tax?

If the provisions of a tax treaty were not considered, Canadian payers may have withheld tax from tax-exempt income, or they may have withheld more tax than was necessary. If this is your situation, you can ask us for a refund of the excess tax withheld by completing Form NR7-R, APPLICATION FOR REFUND OF PART XIII TAX WITHHELD.

We can only refund excess tax withheld if you complete and send us Form NR7-R no later than two years after the end of the calendar year in which the payer sent us the tax. For example, if the payer sent us more than the required amount of tax in 2009, you have to send Form NR7-R to us by December 31, 2011.

Transfers to registered plans or funds

Certain Canadian-source amounts that are otherwise subject to non-resident withholding tax can instead be transferred to a

registered pension plan (RPP), registered retirement savings plan (RRSP), or registered retirement income fund (RRIF), without having this tax withheld.

These amounts include payments out of an RPP, a deferred profit-sharing plan, a RRIF, an RRSP, or a retiring allowance. The transfers have to be direct transfers, and you have to complete Form NRTA1, AUTHORIZATION FOR NON-RESIDENT TAX EXEMPTION, before the transfer is made. For more information, contact the International Tax Services Office.

Did you own property on the date you emigrated from Canada?

This section has instructions that you need if you owned property on the date you emigrated from Canada.

List of property

If the fair market value of **all** the property you owned when you left Canada was more than \$25,000, excluding any personal-use property

(such as clothing, household goods, and cars, each with a fair market value of less than \$10,000), you have to include a list of your worldwide property holdings with your 2009 return. To do this, you must attach a completed copy of Form T1161, LIST OF PROPERTIES BY AN EMIGRANT OF CANADA to your return. You will find Form T1161 at the end [in the centre] of this guide.

File your return by the filing due date. The penalty for failing to file the T1161 by the due date is \$25 per day you are late. There is a minimum penalty of \$100, and a maximum penalty of \$2,500.

Deemed dispositions of property

If you ceased to be a resident of Canada in 2009, you are deemed to have disposed of almost all your property at its fair market value when you left Canada and to have reacquired it for the same amount right after. This is called a deemed disposition.

This applies to most properties. Some of the exceptions are:

- Canadian real property, Canadian resource property, and timber resource property (you can elect to declare a deemed disposition on these properties);
- Canadian business property (including inventory) if the business is carried on through a permanent establishment in Canada (you can elect to declare a deemed disposition on these properties);
- pensions and similar rights including RRSPs (registered retirement savings plans), RRIFs (registered retirement income funds), registered education savings plans, registered disability savings plans, TFSAs (tax-free savings accounts), and deferred profit-sharing plans;
- rights to certain benefits under employee profit-sharing plans, employee benefit plans, employee trusts, and salary deferral arrangements;
- certain rights or interest in a trust;
- property you owned when you last became a resident of Canada, or property you inherited after you last became a resident of Canada,

if you were a resident of Canada for 60 months or less during the 10-year period before you emigrated;

- employee security options subject to Canadian tax; and
- interests in life insurance policies in Canada (other than segregated fund policies).

Reporting the deemed disposition on your return

On your 2009 return, you have to calculate and include in income the capital gain or capital loss that results from your deemed disposition.

To calculate your capital gain (or loss) for a deemed disposition of property, use Form T1243, DEEMED DISPOSITION OF PROPERTY BY AN EMIGRANT OF CANADA. You will find this form at the end [in the centre] of this guide.

Include on your Schedule 3, CAPITAL GAINS (OR LOSSES) IN 2009 the capital gain (or loss) that you reported on Form T1243.

Can you elect to defer the payment of tax on income relating to the deemed disposition of property?

You can elect to defer the payment of tax on income relating to the deemed disposition of property, regardless of the amount. You would then pay the tax later, without interest, when you sell (or otherwise dispose of) the property. This election does not apply to the deemed disposition of an employee benefit plan.

To make this election, use Form T1244, ELECTION, UNDER SUBSECTION 220(4.5) OF THE INCOME TAX ACT, TO DEFER THE PAYMENT OF TAX ON INCOME RELATING TO THE DEEMED DISPOSITION OF PROPERTY. You will find this form at the end [in the centre] of this guide.

If you make this election for 2009, you must do so on or before April 30, 2010.

If you send us Form T1244 after this deadline, you have to include a letter indicating the reasons you could not send the election on time. We will consider accepting your late election based on the explanation given in your letter.

When is security required?

If you make this election for 2009 and the amount of **federal** tax owing from the deemed disposition of property is more than \$14,500 (\$12,107.50 for former residents of Quebec), you have to give us acceptable security to cover the amount that is more than \$14,500 (\$12,107.50 for former residents of Quebec). You may also be required to provide security to cover any applicable provincial or territorial tax payable.

As soon as possible, contact the Revenue Collections Section of the tax services office in the region where you resided before you left Canada so that acceptable arrangements can be made before April 30, 2010. If you do not know which office to contact, contact the International Tax Services Office.

Note

If the amount of federal tax on income relating to the deemed disposition is equal to or less than \$14,500 (\$12,107.50 for former residents of Quebec), security is not required. Simply complete Form T1244 and send it to us.

Example

Dave emigrated from Canada on May 15, 2009. When he left, he owned shares in a Canadian corporation. He bought the shares in March 1991 for \$15,000. On May 15, 2009, the fair market value of the shares was \$27,000.

Since Dave ceased to be a resident of Canada, he was deemed to have disposed of the shares for \$27,000 on May 15, 2009. As a result, he had a capital gain of \$12,000 ($\$27,000 - \$15,000$).

When he filed his 2009 return, Dave completed Form T1161. On Form T1243, he reported a capital gain of \$12,000 from the shares he was deemed to have disposed of. On Schedule 3 he calculated a taxable capital gain of \$6,000 ($50\% \times \$12,000$). He attached his completed Schedule 3, Form T1161, and Form T1243 to his return.

Dave chose to defer the tax on income relating to the deemed disposition. To do this, he contacted us before he filed his 2009 return. Since the federal tax owing on the deemed disposition was not more than \$14,500, he did not need to give us security for it. He simply completed Form T1244 and attached it to his return.

What type of security is acceptable?

Bank letters of guarantee, bank letters of credit, and bonds from the Government of Canada or a province or territory of Canada are considered acceptable forms of security.

Other types of security may also be acceptable, such as shares in private or publicly traded corporations, certificates in precious metals, various other marketable securities, a charge or mortgage on real property, or valuable personal property.

What if the required security cannot be raised?

If you cannot give us the required security, contact the Revenue Collections Section of the tax services office in your region as soon as possible, in order to make acceptable arrangements.

What if you return to Canada?

If you ceased to be a resident of Canada after October 1, 1996, and you later re-establish Canadian residency, you can elect to make an adjustment to the deemed dispositions you reported when you emigrated.

For more information, visit our Web site at www.cra.gc.ca/tx/nnrstdnts/ndvdl/dspstn-eng.html, see Pamphlet T4055, NEWCOMERS TO CANADA, or contact the International Tax Services Office.

Disposing of property after you emigrate from Canada

Taxable Canadian Property

As a non-resident, you may have disposed of, or plan to dispose of, taxable Canadian property such as Canadian real property, Canadian business property, or unlisted shares of Canadian corporations. If so, see Information Circular 72-17, PROCEDURES CONCERNING THE DISPOSITION OF TAXABLE CANADIAN PROPERTY BY NON-RESIDENTS OF CANADA – SECTION 116, to find out what you need to do.

Property deemed disposed of on departure

When you dispose of property that was deemed disposed of on leaving Canada, the deferred tax is payable on or before the filing due date for the year of actual disposition.

It may be possible to reduce your tax payable if one, or more, of the following applies:

- Part XIII tax has been paid in respect to dividends relating to the property (section 119 of the INCOME TAX ACT (ITA));
- you are subject to tax in another country on the actual disposition (subsection 126(2.21) of the ITA); and
- you realized a loss on the actual disposition of taxable Canadian property (subsection 128.1(8) of the ITA).

Your request to reduce your tax payable must be made within six years of your emigrant return's initial assessment, or we must have a valid waiver (Form T2029, WAIVER IN RESPECT OF THE NORMAL REASSESSMENT PERIOD) on file.

For more information, contact the International Tax Services Office.

Do you have to file a 2009 return?

Even though you lived in Canada for only part of 2009, you may have to file a 2009 return. For information, see the section called "Do you have to file a return?" in your tax guide.

If you emigrated from Quebec in 2009, you may need to file a separate provincial return. For information about your provincial tax liability, contact Revenu Québec.

Note

If you determine that you do not have to file a return for 2009, you should let us know the date you left Canada as soon as possible.

Which tax package should you use?

Use the tax package for the province or territory where you lived before you left Canada in 2009.

If you did not receive your package in the mail, you can get a GENERAL INCOME TAX AND BENEFIT GUIDE and forms book by visiting our Web site at www.cra.gc.ca/forms or by calling us.

What date is your return due?

Generally, your 2009 return has to be filed **on or before April 30, 2010**.

For exceptions to this date, see the section called "What date is your return for 2009 due?" in your tax guide.

If you are electing under section 217, see the section called "What date is your section 217 return due?" on page 41 [10].

Completing your 2009 return

You will find most of the information you need to complete your 2009 return in your tax guide. Use it along with the information provided in this section.

Identification

When completing the "Identification" area on your return, be sure to enter your **date of departure from Canada**.

Information about your spouse or common-law partner

Enter your spouse or common-law partner's net world income for the year. Underneath, enter your spouse or common-law partner's net world income for the part of the year **you** were a resident of Canada.

Goods and services tax/harmonized sales tax (GST/HST) credit application

As a non-resident, you are not eligible to receive the GST/HST credit. Therefore, do not complete this area on page 6 [1] of your return.

Income

For the part of 2009 you were considered a resident of Canada, you have to report your world income. World income is income from all sources both inside and outside Canada.

If you have rental income, the income you have to report and the period end date you have to enter on your rental statement should reflect your period of residency in Canada, up to your date of

departure. Otherwise we may adjust your return and create a separate section 216 return based on the period after your departure date.

However, for the part of 2009 that you were **not a resident** of Canada, you report the following income:

- income from employment in Canada or from a business carried on in Canada;
- employment income from a Canadian resident for your employment in another country if, under the terms of a tax treaty between Canada and your new country of residence, the income is exempt from tax in your new country;
- certain income from employment outside Canada, if you were a resident of Canada when the duties were performed;
- taxable scholarships, bursaries, fellowships, and research grants you received from Canadian sources; and
- taxable capital gains from disposing of taxable Canadian property.

Note

For the part of 2009 that you were not a resident of Canada, do not include on your return any gain or loss from disposing of taxable Canadian property, or loss from a business carried on in Canada, if, under a tax treaty, the gain from that disposition or any income from that business would be exempt from tax in Canada. For more information on the disposition of taxable Canadian property, see Guide T4058, NON-RESIDENTS AND INCOME TAX.

Deductions

Moving expenses

Emigrants are usually not allowed to deduct moving expenses incurred for a move out of Canada.

However, if you left Canada to take courses at the post-secondary level as a full-time student at an educational institution in another country, and you received a **taxable** Canadian scholarship, bursary, fellowship, or research grant to attend that educational institution, you may be eligible to deduct your moving expenses. For more information, see Form T1-M, MOVING EXPENSES DEDUCTION.

Federal tax and credits

Use Schedule 1, FEDERAL TAX, to calculate your federal tax and any federal credits that apply to you.

Federal non-refundable tax credits

As an emigrant, you may be limited in the amount you can claim this year for certain federal non-refundable tax credits.

To determine the total you can claim, add:

- the amount for each federal non-refundable tax credit that applies to the part of 2009 that you were a resident of Canada (as outlined in the next section); and
- the amount for each federal non-refundable tax credit that applies to the part of 2009 that you were not a resident of Canada (as outlined on page 35 [9]).

Keep in mind that the total you can claim for each federal non-refundable tax credit cannot be more than what you could have claimed if you had been a resident of Canada for the whole year.

For the part of 2009 you were a resident of Canada

You can claim the following federal non-refundable tax credits, as long as they apply, to the part of 2009 that you were a resident of Canada:

- Canada Pension Plan or Quebec Pension Plan contributions;
- Employment Insurance premiums;
- Provincial Parental Insurance Plan contributions;
- Canada employment amount;
- public transit amount;
- children's fitness amount;
- home renovation expenses;
- home buyers' amount;
- adoption expenses;
- pension income amount (for yourself);

- interest paid on loans for post-secondary education made to you under the CANADA STUDENT LOANS ACT, the CANADA STUDENT FINANCIAL ASSISTANCE ACT, or similar provincial or territorial government laws;
- tuition, education, and textbook amounts (for yourself);
- medical expenses; and
- donations and gifts.

In addition, you can claim, as long as they apply to your situation, the remaining federal non-refundable tax credits based on the number of days you were a resident of Canada in 2009. See your tax guide for the remaining federal non-refundable tax credits.

Use the date of departure you entered in the "Identification" area of your return to calculate the number of days you were a resident of Canada.

Example 1 (see line 300 in your tax guide)

Shirley left Canada on January 26, 2009, to live in another country. She claims a basic personal amount of \$735.12, calculated as follows:

$$\frac{26 \text{ days in Canada} \times \$10,320}{365 \text{ days in 2009}} = \$735.12$$

Example 2 (see line 301 in your tax guide)

Jennifer is 70 years old. She left Canada on September 30, 2009. Her net income between January 1 and September 30, 2009, was \$30,000. Jennifer can claim an age amount calculated as follows:

1) Prorate the maximum age amount of \$6,408.

$$\frac{273 \text{ days in Canada} \times \$6,408}{365 \text{ days in 2009}} = \$4,792.83 \text{ (A)}$$

2) Prorate the base income amount of \$32,312

$$\frac{273 \text{ days in Canada} \times \$32,312}{365 \text{ days in 2009}} = \$24,167.61 \text{ (B)}$$

Since Jennifer's net income is greater than **(B)**, reduce amount **(A)** by 15% of the amount that Jennifer's income is more than the prorated base income amount **(B)**, as follows:

$$\$30,000 - \$24,167.61 = \$5,832.39 \text{ (excess amount)}$$

$$\$5,832.39 \times 15\% = \$874.86 \text{ (C)}$$

The age amount that Jennifer can claim is **(A)** minus **(C)**:

$$\$4,792.83 - \$874.86 = \$3,917.97$$

Example 3 (see line 303 in your tax guide)

Suzanne and her spouse Richard left Canada permanently July 26, 2009. Suzanne's net income between January 1 and July 26 was \$100,000 and Richard's was \$800 in the same period. Suzanne can

claim a spouse or common-law partner amount calculated as follows:

1) Prorate the maximum claim of \$10,320.

$$\frac{207 \text{ days in Canada} \times \$10,320}{365 \text{ days in 2009}} = \$5,852.71$$

2) Subtract spouse's or common-law partner's net income.

$$\$5,852.71 - \$800.00 = \$5,052.71$$

Suzanne claims \$5,052.71 at line 303 of her return.

For the part of 2009 you were not a resident of Canada

You can claim the following federal non-refundable tax credits, as long as they apply, to the part of 2009 that you were not a resident of Canada if you are reporting Canadian-source income (as listed under "Income" on page 27 [8]):

- Canada Pension Plan or Quebec Pension Plan contributions;
- Employment Insurance premiums;

- disability amount (for yourself);
- interest paid on loans for post-secondary education made to you under the CANADA STUDENT LOANS ACT, the CANADA STUDENT FINANCIAL ASSISTANCE ACT, or similar provincial or territorial government laws;
- tuition amount (for yourself); and
- donations and gifts.

In addition, if the Canadian-source income you are reporting for the part of 2009 that you were not a resident of Canada is at least 90% of your net world income for that part of the year (or if you had no income from sources inside and outside Canada for that part of the year), you can claim the remaining federal non-refundable tax credits in full. See your tax guide for the remaining federal non-refundable tax credits.

Note

If you are claiming full federal non-refundable tax credits, **attach a note to your return** stating your net world income (in Canadian dollars) for the part of 2009 that you were not a resident of Canada.

Show separately the net income you received from sources inside and outside Canada for that part of the year. We cannot allow full federal non-refundable tax credits without this note.

Provincial or territorial tax

The year you emigrate, you usually have to pay tax for the province or territory where you lived before you left Canada.

If you lived in Quebec before you left Canada, you can get information on filing a Quebec tax return by contacting Revenu Québec.

If you lived in another province or territory before you left Canada, see the GENERAL INCOME TAX AND BENEFIT GUIDE and forms book for the province or territory you lived in. This will provide information on how to calculate your provincial or territorial tax. You will have to complete Form 428.

Provincial or territorial non-refundable tax credits

Similar to the amount of federal non-refundable tax credits, as an emigrant, you may be limited in the amount you can claim this year for certain provincial or territorial non-refundable tax credits.

Generally, the rules for calculating your provincial or territorial non-refundable tax credits are the same rules as those used to calculate your corresponding federal non-refundable tax credits. However, the amounts used in calculating most provincial or territorial non-refundable tax credits are different from the corresponding federal credits.

Refund or balance owing

Provincial or territorial tax credits

Generally, you are **not** entitled to claim provincial or territorial credits since you were not resident in Canada on December 31, 2009.

Overpayment of Canada Pension Plan (CPP) or Quebec Pension Plan (QPP)

See the GENERAL INCOME TAX AND BENEFIT GUIDE FOR NON-RESIDENTS AND DEEMED RESIDENTS OF CANADA unless you were living in Quebec before you left Canada. If you were living in Quebec, any overpayment of CPP or QPP contribution will be refunded or used to reduce your balance on your federal income tax return. Claim on line 308 of schedule 1, in dollars and cents, the total of the CPP or QPP contributions shown in boxes 16 and 17 of your T4 slips, and the Canada Revenue Agency will calculate the overpayment for you. You can also calculate your overpayment by using Form T2204, EMPLOYEE OVERPAYMENT OF 2009 CANADA PENSION PLAN CONTRIBUTIONS AND 2009 EMPLOYMENT INSURANCE PREMIUMS. Enter the amount of your overpayment, if any, on page 18 [4] of your return by writing 5552 above line 437, and entering the amount to the right of this code. Add this amount to your total credits at line 482.

Election under section 217 of the Income Tax Act

When you receive certain types of income from Canada after you emigrate, the Canadian payer has to withhold non-resident tax on the

income and send it to us. This tax withheld is usually your final tax obligation to Canada on the income.

However, you can elect under section 217 of the INCOME TAX ACT by choosing to file a Canadian return and report the types of Canadian source income listed in the next section. By doing this, you can pay tax on this income using an alternative taxing method and receive a refund of some or all of the non-resident tax withheld.

What income is eligible for this election?

This election applies to certain types of Canadian-source income which you receive after you leave Canada, including:

- Old Age Security pension;
- Canada Pension Plan or Quebec Pension Plan benefits;
- most superannuation and pension benefits;
- most registered retirement savings plan payments;
- most registered retirement income fund payments;

- death benefits;
- Employment Insurance benefits;
- certain retiring allowances;
- registered supplementary unemployment benefit plan payments;
- most deferred profit-sharing plan payments;
- amounts received from a retirement compensation arrangement, or the purchase price of an interest in a retirement compensation arrangement;
- prescribed benefits under a government assistance program; and
- Auto Pact benefits.

What date is your section 217 return due?

If you elect under section 217 for 2009, you have to file your 2009 return on or before **June 30, 2010**.

If you are late in sending us your section 217 return, your election will not be valid.

You may also be reporting Canadian-source income, other than eligible section 217 income, on your return. If you are reporting business income and you have to pay tax on that income, you have to file the return on or before **June 15, 2010**. Otherwise you have to file your return by **April 30, 2010** if:

- you have to pay tax on any type of income earned prior to leaving Canada (except business income);
- you have a taxable capital gain from disposing of taxable Canadian property; or
- you have to pay tax on Canadian employment income earned after your date of departure.

Note

If you owe tax for 2009 and do not file your return for 2009 within the dates we specified above, we will charge you a late-filing penalty. We will also charge compound daily interest starting May 1, 2010, on any **unpaid amounts** owing for 2009.

Completing your section 217 return

Do not file a separate return to elect under section 217. Instead, complete one return for 2009. Follow the instructions in the section called "Completing your 2009 return" on page 26 [8], and the following special rules.

Identification

Write "section 217" at the top of page 1 of your return and enter your date of emigration from Canada.

Income

On your return, include:

- the income you are reporting as an emigrant (see the section called "Income" on page 27 [8]); and
- all amounts eligible for the section 217 election (see the list on page 40 [10]) that were paid or credited to you in the part of 2009 that you were a non-resident of Canada.

Federal and provincial or territorial tax

Generally, you have to pay federal tax, as well as provincial or territorial tax for the province or territory where you lived before you left Canada.

Federal and provincial or territorial non-refundable tax credits

If you include on your return at least 90% of your net world income for the part of 2009 that you were not a resident of Canada, you can claim all of the federal and provincial or territorial non-refundable tax credits that apply to you. This represents your allowable amount of federal and provincial or territorial non-refundable tax credits.

If you do not meet this 90% rule, your provincial or territorial non-refundable tax credits are determined using the same rule as provided under Provincial or territorial non-refundable tax credits on page 38 [10]. Also, your federal non-refundable tax credits cannot be more than the lesser of a) or b) below:

- a) 15% of the your section 217 income (see the list on page 40 [10]) that was paid or credited to you in the part of 2009 that you were not a resident of Canada; or

- b) the total of the federal non-refundable tax credits you would be eligible for if you were resident of Canada for the full year, from line 350 of Schedule 1, minus 15% of the total of the following amounts, if any:
- public transit amount (line 364);
 - children's fitness amount (line 365);
 - home renovation expenses (line 368);
 - home buyers' amount (line 369);
 - adoption expenses (line 313); and
 - interest paid on student loans (line 319).

Notes

Attach a note to your return giving a breakdown of your 2009 net world income (in Canadian dollars) for the part of 2009 that you were not a resident of Canada. Show separately the income you received from sources inside and outside Canada for that part of 2009. We cannot allow any non-refundable tax credits without this information.

For the other rules that may apply, contact the International Tax Services Office.

Can you reduce the non-resident tax withheld at source?

If you intend to elect under section 217 on eligible income you have not yet received, you can apply to reduce the tax that the payer would otherwise have to withhold at source.

To apply for this, complete and send us Form NR5, APPLICATION BY A NON-RESIDENT OF CANADA FOR A REDUCTION IN THE AMOUNT OF NON-RESIDENT TAX REQUIRED TO BE WITHHELD.

Tax treaties

Canada has income tax conventions or agreements (commonly referred to as tax treaties) with many countries. 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 income such as wages, salaries, pensions, and interest. For more information, visit our Web site at **www.cra.gc.ca/treaties**.

If you receive Canadian-source employment income or Canadian self-employment business income that is exempt from tax in Canada because of a tax treaty, you can ask your employer or the payer not to withhold tax. However, before your employer or the payer can stop withholding tax from your income, you need a waiver letter from us. Send your request for a waiver letter to your Canadian employer's or the payer's tax services office. If the officials at the tax services office agree that you qualify, they will send you a waiver letter to give to your employer or payer.

Canada has tax treaties with the following countries:

Algeria	Bulgaria	Ecuador
Argentina	Cameroon	Egypt
Armenia	Chile	Estonia
Australia	China, People's	Finland
Austria	Republic	France
Azerbaijan	Croatia	Gabon
Bangladesh	Cyprus	Germany
Barbados	Czech Republic	Guyana
Belgium	Denmark	Hungary
Brazil	Dominican Republic	Iceland

India	Moldova	South Africa
Indonesia	Mongolia	Spain
Ireland	Morocco	Sri Lanka
Israel	Netherlands	Sweden
Italy	New Zealand	Switzerland
Ivory Coast	Nigeria	Tanzania
Jamaica	Norway	Thailand
Japan	Oman	Trinidad and Tobago
Jordan	Pakistan	Tunisia
Kazakhstan	Papua New Guinea	Ukraine
Kenya	Peru	United Arab Emirates
Korea, Republic of	Philippines	United Kingdom
Kuwait	Poland	United States
Kyrgyzstan	Portugal	Uzbekistan
Latvia	Romania	Venezuela
Lithuania	Russia	Vietnam
Luxembourg	Senegal	Zambia
Malaysia	Singapore	Zimbabwe
Malta	Slovak Republic	
Mexico	Slovenia	

For more information

In this guide, we use plain language to explain the most common tax situations. If you need more information after reading this guide, you can visit our Web site at **www.cra.gc.ca** or you can contact the International Tax Services Office (the address, telephone numbers, and fax number are on page 50 [the back cover] of this guide).

T.I.P.S. (Tax Information Phone Service)

For personal and general tax information, you can use our automated **T.I.P.S.** service by calling **1-800-267-6999** (for calls from Canada and the United States).

Publications

Throughout this guide, we mention forms, pamphlets, interpretation bulletins, information circulars, and other guides that give more details on specific tax topics.

You can get most of the publications mentioned in this guide on our Web page at **www.cra.gc.ca/forms** or by calling **1-800-959-2221**

(for calls from Canada or the U.S.). If you are outside Canada and the U.S., call the International Tax Services Office.

International Tax Services Office

International Tax Services Office
Canada Revenue Agency
2204 Walkley Road
Ottawa ON K1A 1A8
CANADA

Regular hours of service

Monday to Friday (holidays excluded)
8:15 a.m. to 5:00 p.m. (Eastern Time)

Extended hours of telephone service

From mid-February through the end of April

Monday to Thursday (holidays excluded)

8:15 a.m. to 9:00 p.m. (Eastern Time)

Friday (holidays excluded) 8:15 a.m. to 5:00 p.m. (Eastern Time)

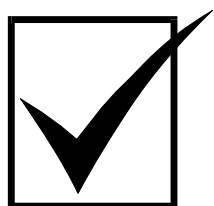
Calls from Canada and the U.S.	1-800-267-5177
Calls from outside Canada and the U.S.	613-952-3741
Fax number	613-941-2505

We accept collect calls.

Your opinion counts

We review this guide every year. If you have comments or suggestions that would help us to improve the explanations it contains, we would like to hear from you.

Please send your comments and suggestions to:



Taxpayer Services Directorate
Canada Revenue Agency
750 Heron Road
Ottawa ON K1A 0L5
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