PACK YOUR SUITCASE! THE BAGGAGE OF CANADA’S DEPARTURE TAX

Sonia Gandhi, Megan Dalton, and Yooham Jung*****

Canadians who choose to cease their residence in Canada and relocate outside the country may not be aware that their departure can come at a high tax cost. Leaving Canada can give rise to an unexpected and hefty tax bill because Canada imposes a departure tax on individuals who give up their Canadian residence. Relocating Canadians who hold certain assets may be deemed to have sold those assets, at fair market value, at the time of departure. This can give rise to tax even though the assets may not actually have been disposed of. In this article, the authors break through the complexities of Canada’s departure tax regime by providing a comprehensive overview of the rules, highlighting key administrative considerations, and identifying planning opportunities to minimize Canada’s exit tax.

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* Of Deloitte LLP, Winnipeg (e-mail: bjanderson@deloitte.ca).
** Of KPMG LLP, Toronto (e-mail: soniagandhi@kpmg.ca).
*** Of KPMG LLP, Vancouver (e-mail: dinfanti@kpmg.ca).
**** Of Deloitte LLP, Halifax (e-mail: jmacgowan@deloitte.ca).
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