

2025 Economic Outlook and Tax & Legal Considerations of Buying & Selling U.S. Homes

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Today's Facilitator



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Bringing more than 21 years of diverse experience in the banking industry across Canadian and U.S. markets, he has built a strong background in retail, commercial, and real estate banking. His career has also seen him in various business and sales leadership roles in Canada. He is passionate about assisting Canadian buyers looking to invest in the U.S. market and currently serves as the RBC Bank Regional Advisor for Eastern Canada. He holds a Bachelor's degree in Economics.

Register Questions

Please use the *Chat* bar to submit your questions in writing during the live presentation

*Note, this webinar is being recorded, and the presentation will be made available on our virtual advice event landing page at **rbcbank.com/VAE**.*



2025 Economic Outlook

Claire Fan
Economist
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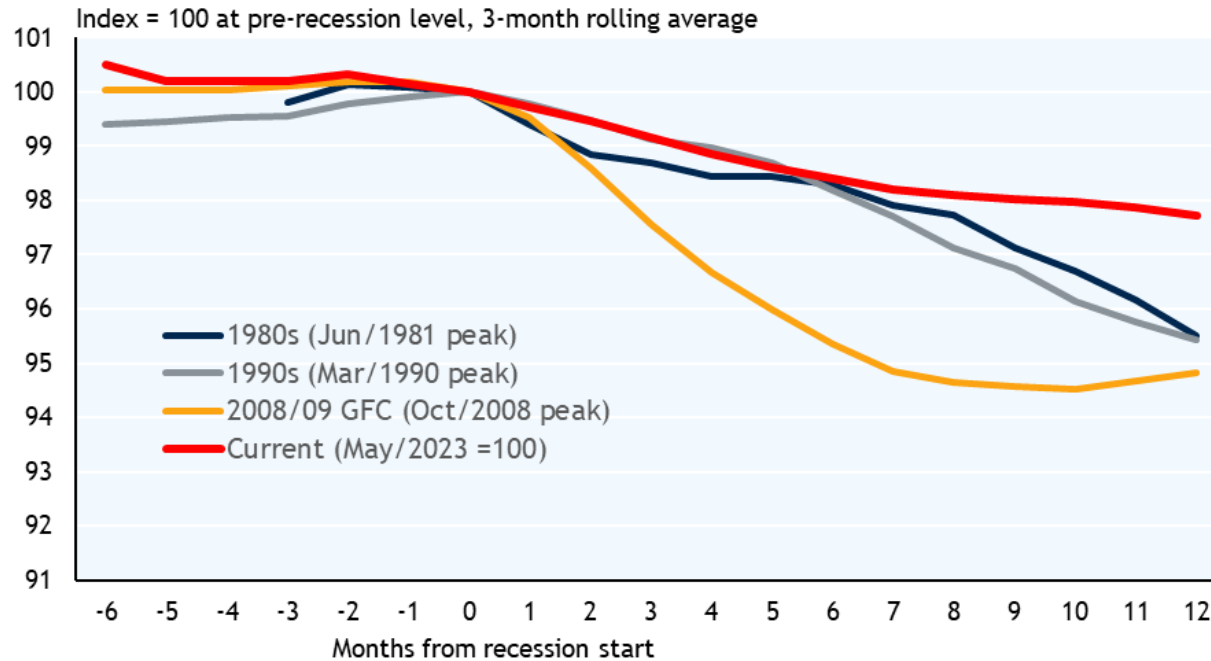
Claire Fan
Economist

Claire works as an economist with RBC. She has expertise in a variety of topics including interest rates, immigration and trade with a focus on how these factors impact financial markets and corporate decision-making. She's a cohost on the RBC Ten-Minute-Take podcast, that seeks to provide leading commentaries on topical macro trends.

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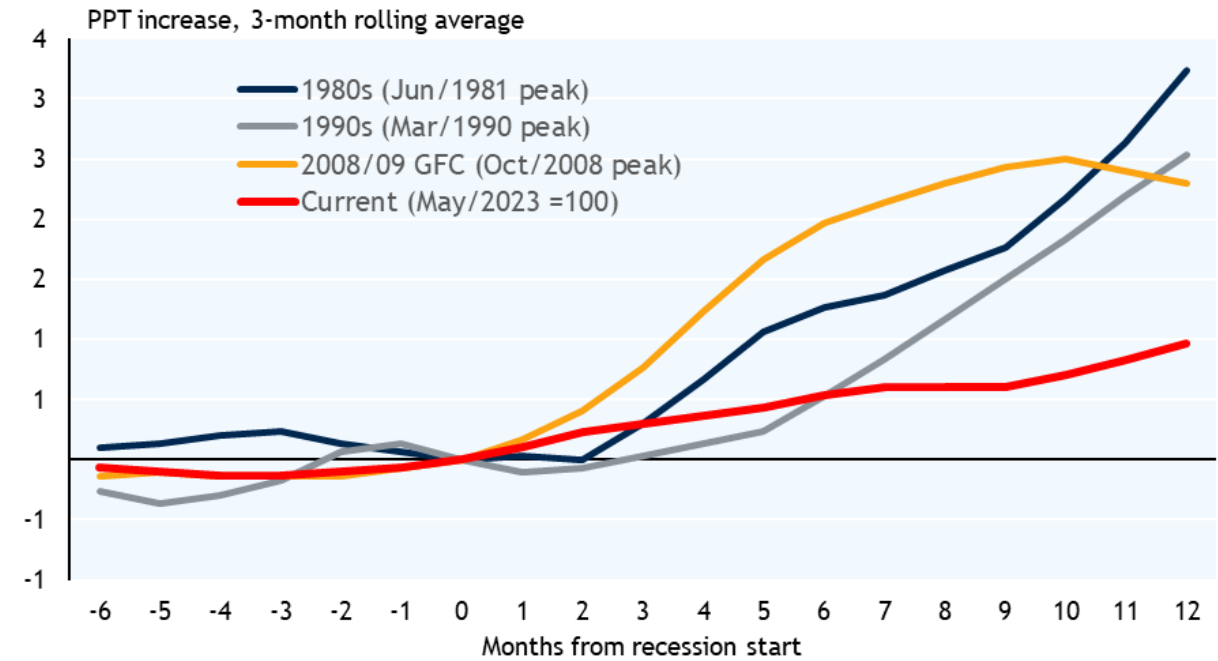
Canada Economy in a Per-Person Downturn

Canada per-capita GDP Recession Comparison



Source: Statistics Canada, RBC Economics Research

Canada Unemployment Rate Recession Comparison

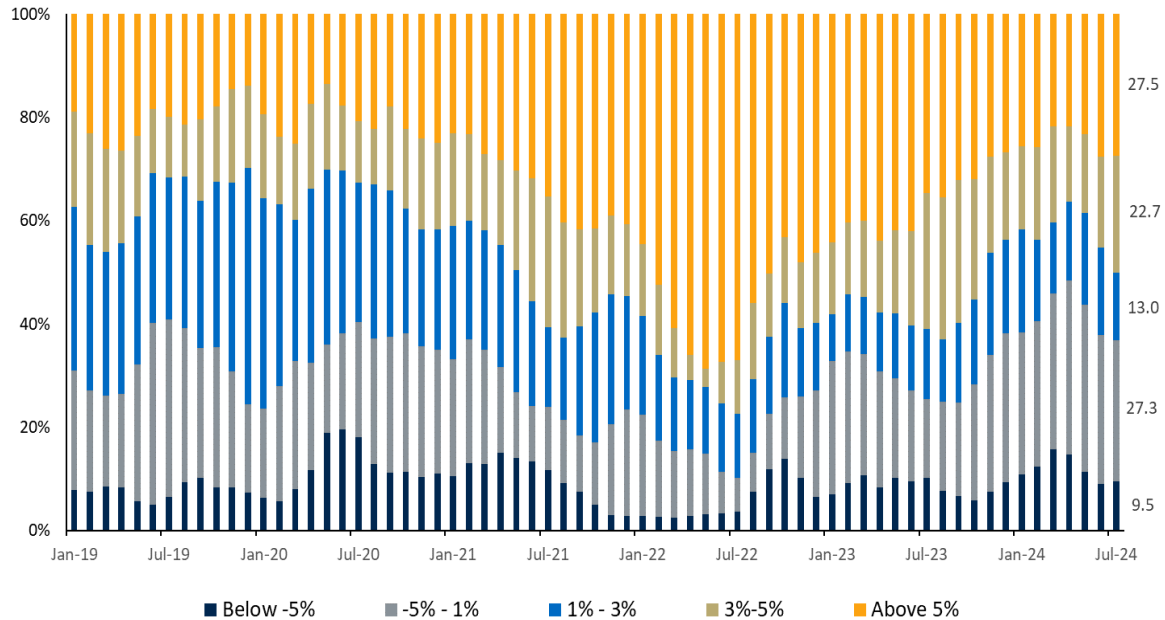


Source: Statistics Canada, RBC Economics Research

Soft Demand Is Slowing Inflation Pressures

The breadth of inflationary pressure normalizing in Canada

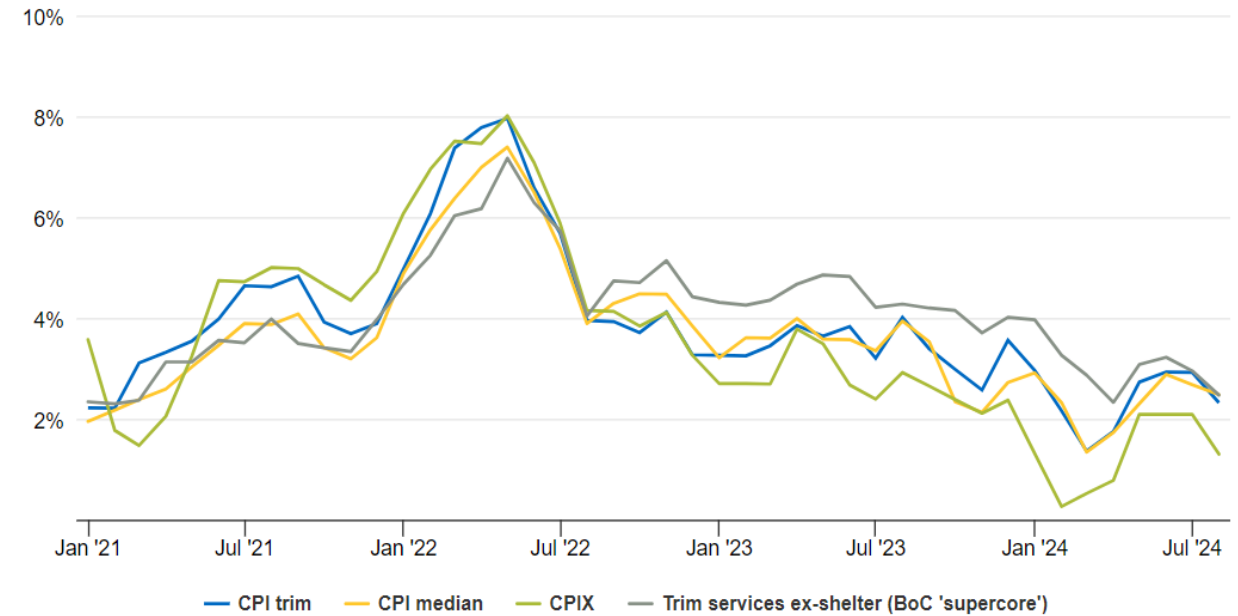
% of CPI basket, based on three-month annualized growth rate



Source: Statistics Canada, RBC Economics

BoC's preferred inflation measures ticked lower in August

Annualized three-month growth, seasonally adjusted



Source: Statistics Canada, RBC Economics

thoughtleadership.rbc.com/rbc-inflation-watch/
thoughtleadership.rbc.com/rbc-us-inflation-watch/

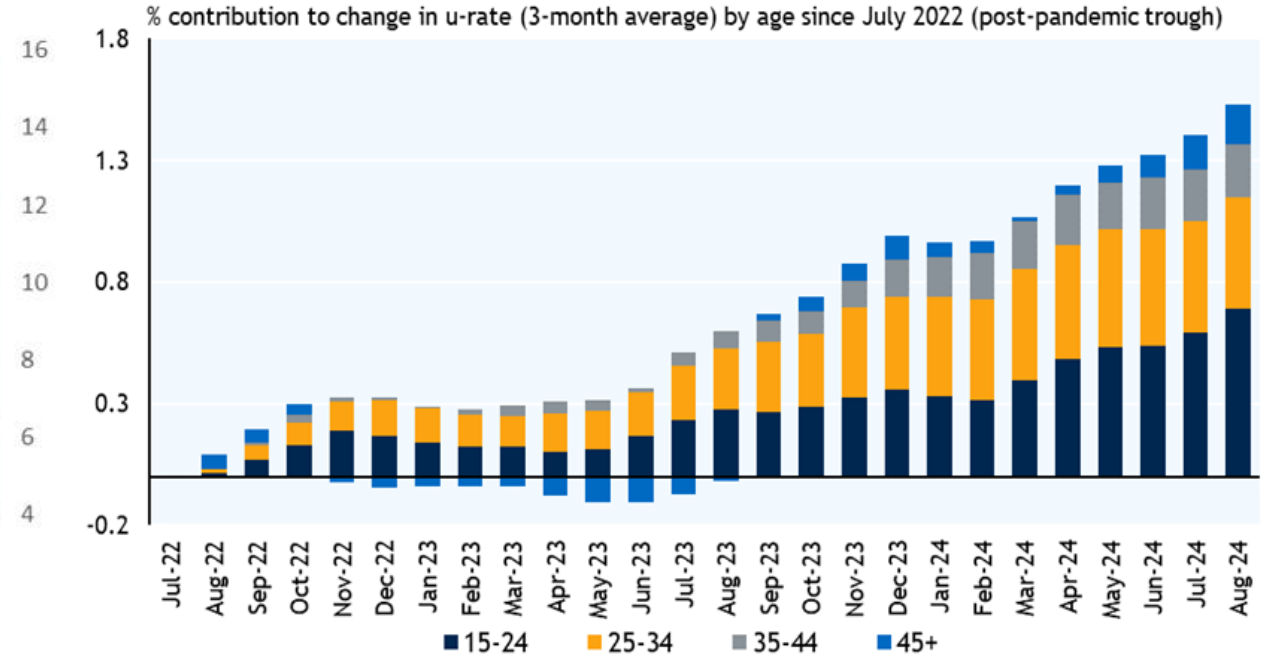
Hiring Is Slowing: Young Canadians Are Bearing the Brunt

Canada job vacancy rate and unemployment rate



Source: Statistics Canada, RBC Economics

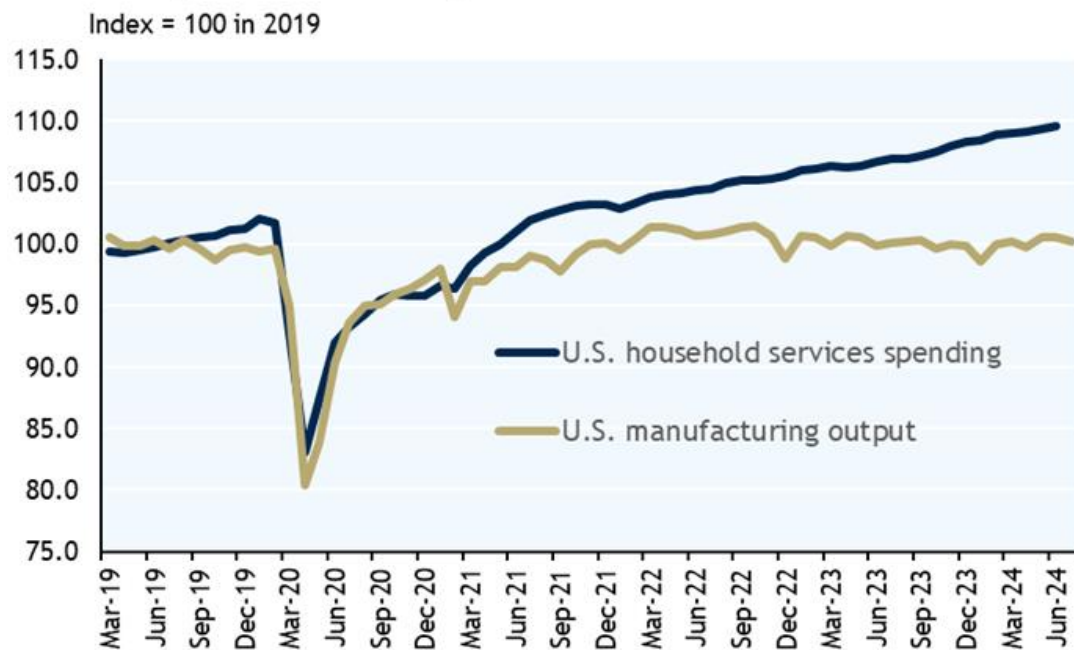
Younger Canadians bear brunt of the labour market downturn



Source: RBC Economics, Statistics Canada

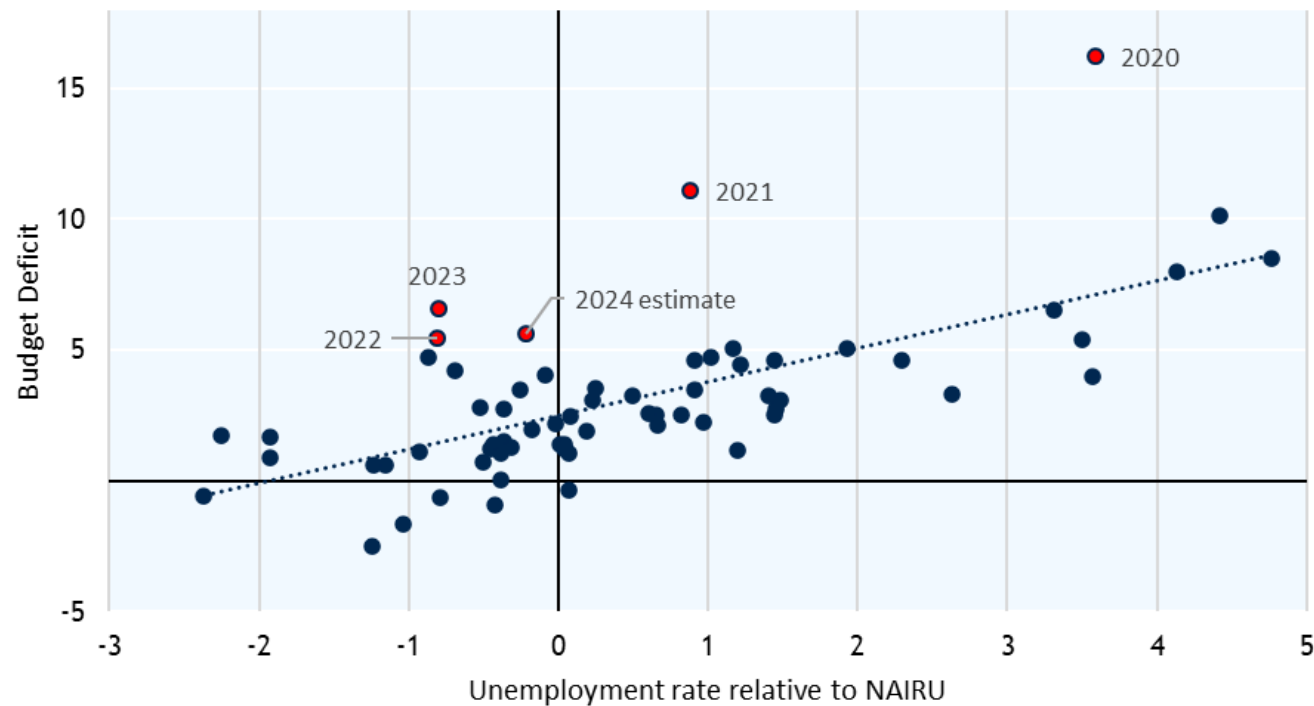
U.S. Is in a Stronger Consumer, Fiscal Backdrop

U.S. growth led by demand for services (with low import content)



Source: Haver, RBC Economics Research

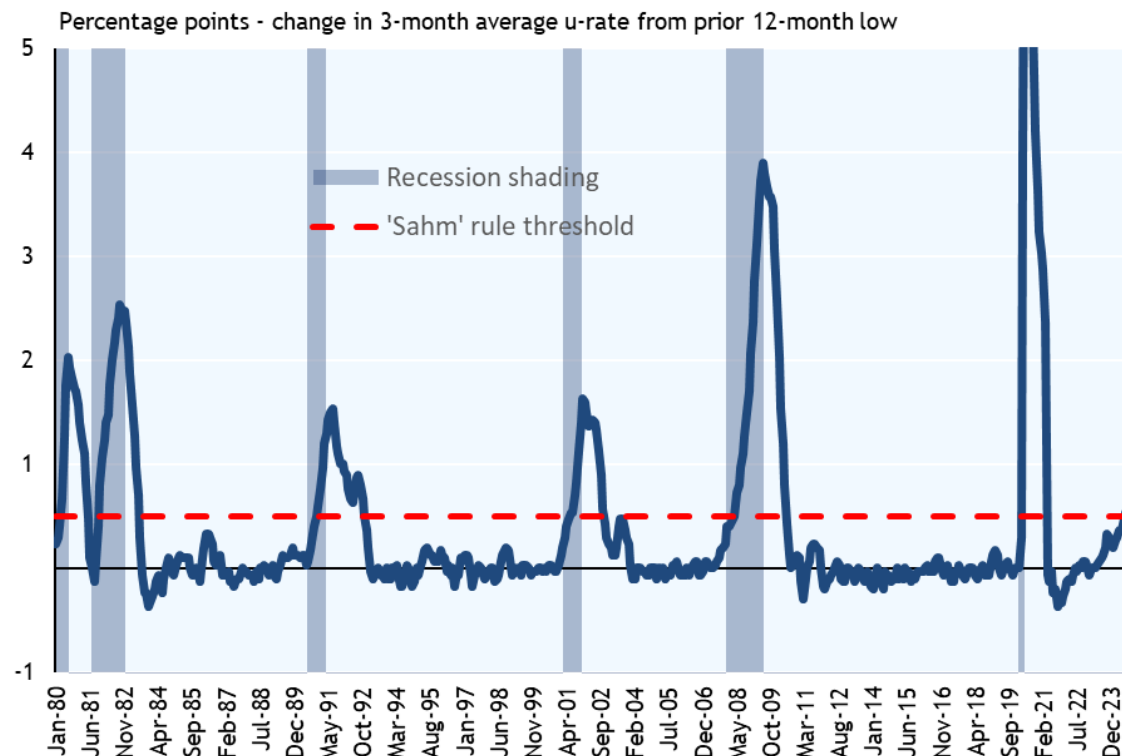
U.S. government debt elevated relative to labour conditions



Source: U.S. Treasury, Bureau of Economics Analysis, RBC Economics

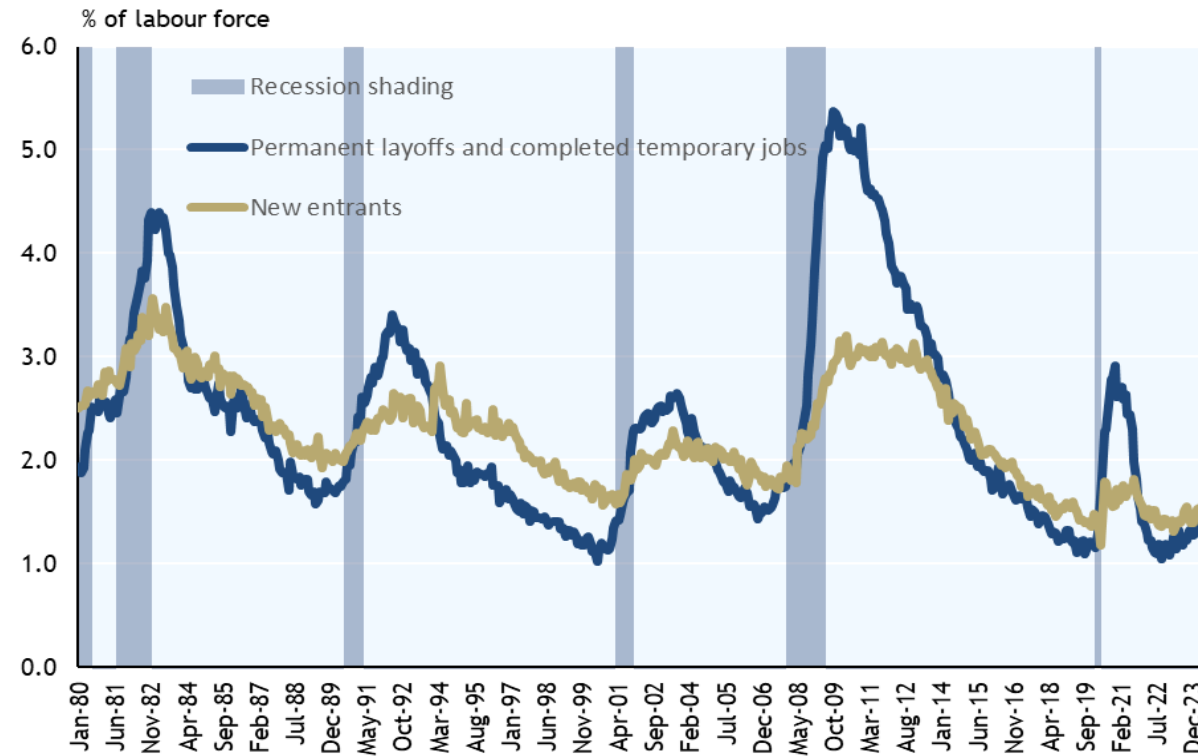
Labour Markets Just Normalizing or Crumbling?

U.S. unemployment hitting 'normal' recession thresholds



Source: Bureau of Labor Statistics, RBC Economics Research

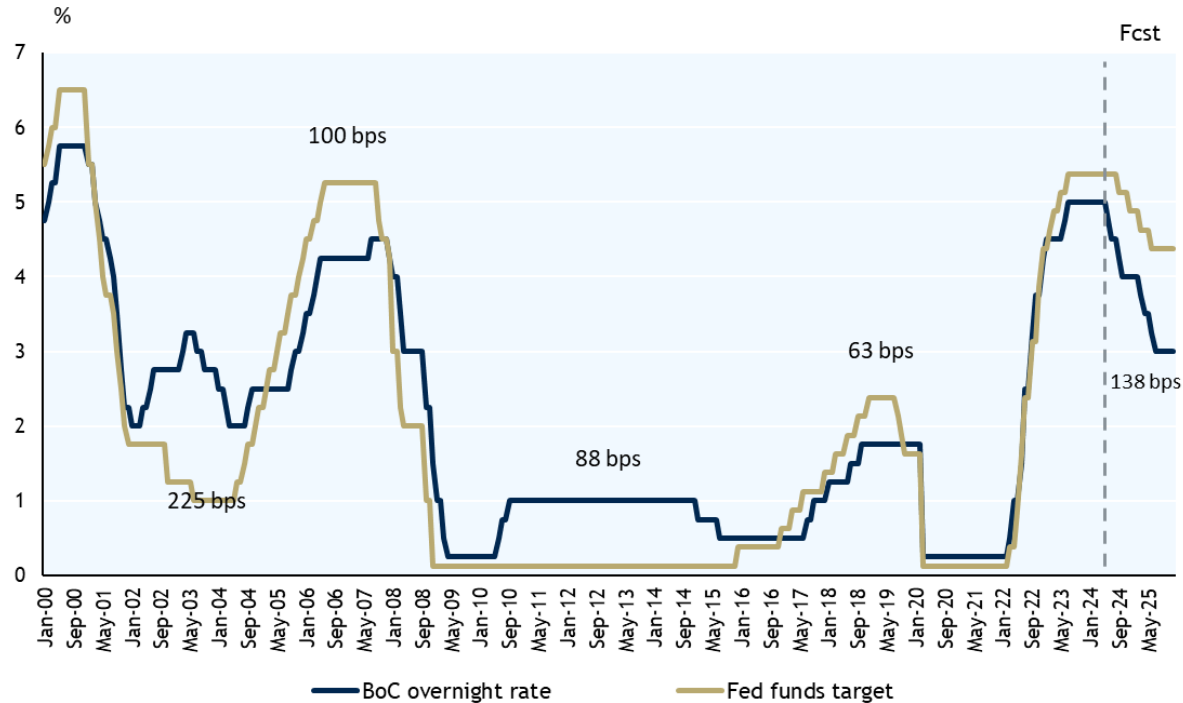
U.S. layoffs are still low but edging higher



Source: Bureau of Labor Statistics, RBC Economics Research

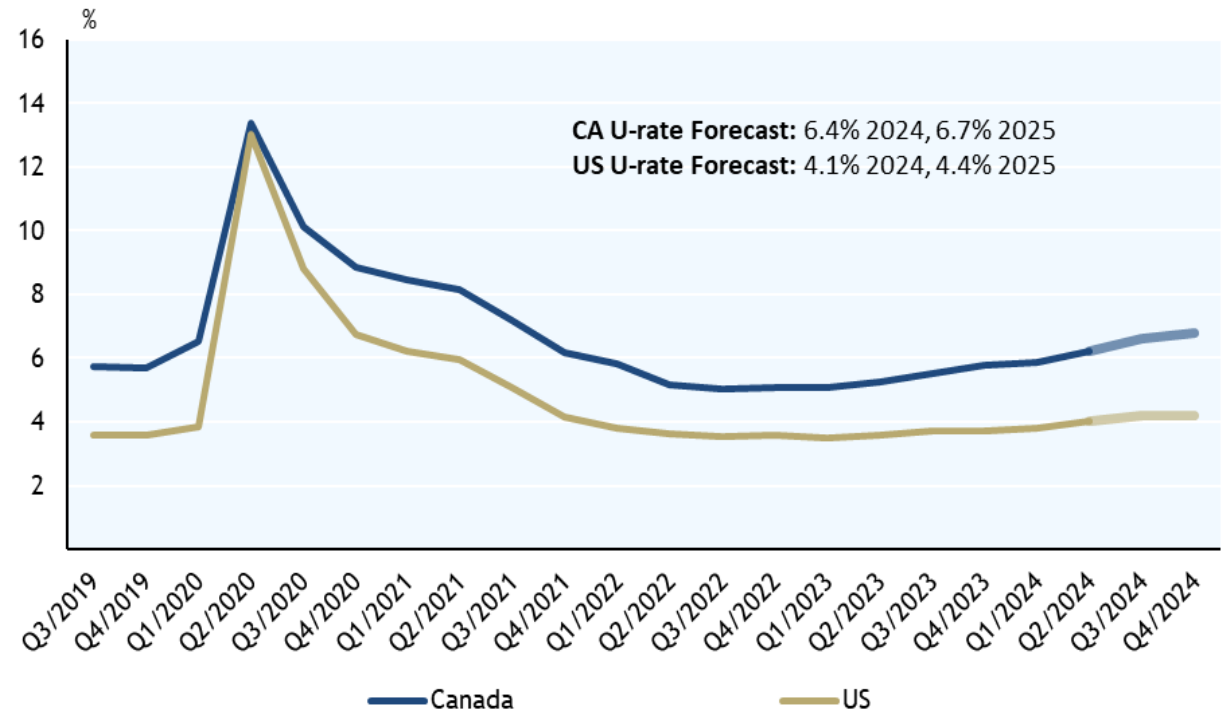
Labour Markets Just Normalizing or Crumbling?

BoC and Fed policy rates to drop lower into 2025



Source: Haver, RBC Economics

U-rate to gradually trend higher in Canada and the U.S.

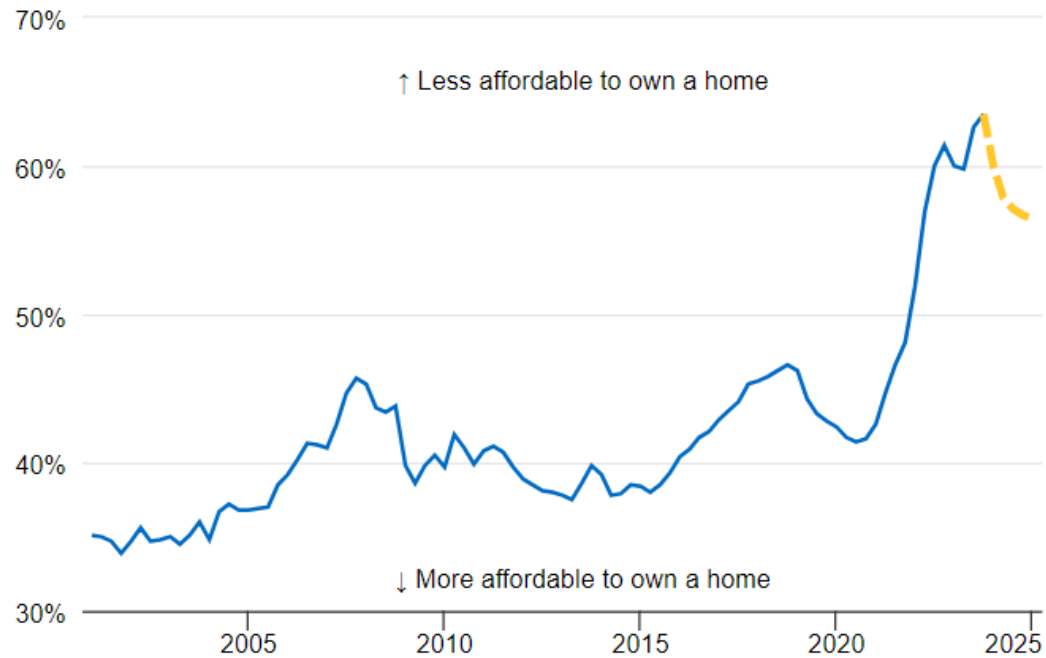


Source: Haver, RBC Economics

Canadian Housing and FX

Affordability relief from rate drop is likely to disappoint

Ownership costs as % of household income, Canada, composite of all housing categories



Source: RPS, Statistics Canada, Bank of Canada, RBC Economics

CAD to trade sideways with USD



Source: RBC Capital Markets, RBC Economics

For More Information, Please Visit:



rbc.com/economics



thoughtleadership.rbc.com

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From Dreaming to Doorstep

Buying U.S. Property



Alain Forget

Head of Business Development
RBC Bank



Presenter



ALAIN FORGET

Head of Business Development

Alain has been working for RBC for over 45 years, holding various business and sales leadership roles in Canada, the Caribbean and the U.S. He is passionate about helping Canadians purchase U.S. homes and works closely with consumers, real estate professionals and other strategic partners to provide education and opportunity to Canadian buyers in the U.S. Alain acts as spokesperson for the media and at real estate conferences as a subject matter expert. He is also a licensed real estate agent in Florida and has the CIPS designation (Certified International Property Specialist). He holds a degree in Finance & Management.

The Sun Belt (and Sunshine State) Remain Popular With Canadians

- Canadians own over \$70B* in real estate assets just in Florida
- 80% of all Canadian transactions made in: Florida (41%), Arizona (23%), HI (9%) and CA (6%)*

RBC Bank is dedicated to helping Canadians access U.S. financing for south-of-the-border real estate purchases and investments.¹



* National Association of Realtors®: Profile of International Transactions in U.S. Residential Real Estate 2024

All monetary amounts listed are calculated in USD currency.

Canadians Buying U.S. Real Estate: Year in Review



- Invested \$6.6B* between April 2022 and March 2023. Top foreign buyers in the U.S. and #1 in Florida (55%).
- 8,500 residential purchase transactions for an average home price of \$779K*

- From April 2023 to March 2024, we saw \$5.9B spent with 7,100 purchase transactions for an average home price of \$834K.
- #1 foreign buyers (transactions)
- Top states: FL (41%), AZ (23%), HI (9%), CA (6%), TX (4%), NY(4%), NC (3%), SC (2%)

National Association of Realtors®: Profile of International Transactions in U.S. Residential Real Estate 2024

* National Association of Realtors®: Profile of International Transactions in U.S. Residential Real Estate 2023

All monetary amounts listed are calculated in USD currency.

REASONS TO BUY

Affordability, Rental Income and Lifestyle

Earn Rental Income on U.S. Property

- FL & AZ strong short-term/seasonal and long-term rental demand
- Paid in USD; no need to exchange funds
- Income can cover mortgage payments, taxes, insurance and fees
- Lifestyle
- Weather
- Change in demographic



REASONS TO BUY

Financing Reduces FX Impact

Why Canadians Should Finance Their U.S. Dream Home

Cash vs. Financing a \$500,000[◇] U.S. Home

(EXAMPLE SAVINGS)

CASH	FINANCING
\$500,000 USD (Costs using 2% on \$400,000)	\$108,000 USD (20% down payment + closing costs*)
CASH NEEDED AT CLOSING x 37% (CAD to USD foreign exchange rate)	
\$685,000 CAD (\$185,000 CAD to USD)	\$148,000 CAD (\$40,000 CAD to USD)
\$126,000 CAD (One-time, upfront difference in exchange costs)	

* 20% down payment of \$100,000 + approximately \$8,000 in closing costs.

◇ All monetary amounts listed are calculated in USD currency. Illustrative example rates provided are for information purposes only. Foreign exchange rates are subject to change at a moment's notice. The rate used in this example was approximately \$1 USD = \$0.73 CAD.

REASONS TO BUY

Affordability – Mortgage Sale³

Benefits of an RBC Bank Mortgage



- We use your client's Canadian credit history
- We provide financing in all 50 states
- We staff a dedicated team of mortgage professionals who only work with Canadians
- We never charge a foreign national premium

No bank fees on U.S. mortgages until October 31, 2024 – a savings of up to \$4,500 in closing costs on a \$450K mortgage⁴

REASONS TO BUY

RBC U.S. HomePlus™ Advantage

RBC U.S. HomePlus™ Advantage



- Home Plus Rewards (up to \$9,500)⁵
- Cross-border tax and legal experts⁶
- Insurance available through marketplace
- Dedicated team of real estate professionals
- Access to real-time property listings



Mortgages from RBC Bank

Key Characteristics	Primary or Secondary Home	Investment Property
Pre-Approval	Yes	Yes
Down Payment Required	20%	25% / 40%
Property Types	Single family, condo, townhome	Single family, condo, townhome
Loan Terms	3-, 5-, 7- or 10-years ⁷	3-, 5-, 7- or 10-years
Renewals	Lock in for 3-, 5-, 7- or 10-years – at no cost	Lock in for 3-, 5-, 7- or 10-years – at no cost
Monthly Payment	Based on a 30-year amortization	Based on a 30-year amortization
Refinance ⁸	Yes	Yes
Foreign National Premium	None	None

WHAT TO EXPECT

Mortgage Process and Timeline

Finance Your U.S. Property in 3 Easy Steps with RBC Bank

Step 1: Mortgage Application	Step 2: Conditional Approval	Step 3: Closing
<ul style="list-style-type: none">• Get started with your online mortgage application• Your Cross-Border Mortgage Advisor will help you lock your rate for 60 days• You'll begin gathering and providing documentation	<ul style="list-style-type: none">• Your application is submitted for review• You'll receive a conditional approval letter – valid for 60 to 120 days	<ul style="list-style-type: none">• Finalize documentation• Your closing may take place in the U.S. or Canada depending on the location of your U.S. home• May be able to send a Power of Attorney
Mortgage loan processing in the U.S. – from applying through closing – typically takes 40-45 days		



LET'S GET STARTED!

Invest in U.S. Real Estate

Additional Resources and **Getting Pre-Approved!**

- Get pre-approved online in minutes at [rbcbank.com/preapproval](https://www.rbcbank.com/preapproval)
- Call **1-866-283-5928** to speak with a dedicated cross-border mortgage advisor
- Download our eGuide at [rbcbank.com/homebuying](https://www.rbcbank.com/homebuying)



Disclosures & Disclaimers



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1. Mortgages are subject to approval, including verification of acceptable income, credit worthiness and property valuations. Minimum and maximum property values and maximum loan-to-value ratios apply. Homeowner's insurance is required for all loans and lines of credit and flood insurance is required if the property is located in a Special Flood Hazard area. Escrows may be required on mortgages. There are closing costs associated with mortgage products.
2. All monetary amounts listed are calculated in USD currency. Illustrative example rates provided are for information purposes only. Foreign exchange rates are subject to change at a moment's notice. The rate used in this example was approximately \$1 USD = \$0.73 CAD.
3. To qualify for the \$0 underwriting fee, a full and complete mortgage application must be submitted by October 31, 2024. Mortgages must fund within 120 days of the application date. Offer may be withdrawn or changed at any time without notice. Offer is only available to the following clients: new RBC Bank mortgage/Home Equity Line of Credit (1st or 2nd homes), Investment Properties, and Refinance on a property that is owned free and clear. Additional bank fees and third party fees apply and are paid separately. Mortgage and HELOC offer may be combined: if a client closes on an eligible mortgage and also opens a second lien HELOC with RBC Bank, both products will have a \$0 underwriting fee. That's a savings of \$924 USD (or over \$1,200 CAD). May not be combined with any other special offers.
4. This company is not affiliated with RBC Bank and RBC Bank is not responsible for the offer provided by this company. Third party fees and fees related to other RBC Bank products or services may still apply. The \$4,500 USD savings is for illustrative purposes only and includes examples of fees that other financial institutions typically charge foreign homebuyers in the U.S., including:
 - Typical origination fee of 0.50% to 1% of the loan amount
 - Typical application fee of \$950 USD
 - Typical processing fee of \$950 USD
 - Typical commitment fee of \$500 USD
 - Typical underwriting fee of \$500 USD
 - Typical foreign national premium of 1% to 2% of the loan amountTo qualify for this offer, a full and complete mortgage application must be submitted by October 31, 2024. Mortgages must fund within 120 days of the application date. Offer may be withdrawn or changed at any time without notice. Offer is only available to the following clients: new RBC Bank mortgage (first or second homes), investment properties, and refinance on a property that is owned free and clear. May not be combined with any other special offers.
5. RBC U.S. HomePlus™ Rewards is offered by RBC Bank with HomeStory Real Estate Services (HRES), a licensed real estate broker. HRES is not affiliated with RBC Bank and RBC Bank is not responsible for the program provided by HRES. To qualify for the RBC U.S. HomePlus™ Rewards, you must enroll in the program and use the assigned network real estate agent to complete the buy transaction. Your enrollment and reward eligibility is good for 18 months. If you do not purchase a home during that time, you must re-enroll to become eligible for the cash reward. For full details, please review the program terms and conditions <<https://rbc.homestory.co/programoverview>>.
6. Consult your financial, tax, legal, and other professional advisors prior to applying for a U.S. mortgage.
7. 3-, 5-, 7-, or 10-year term refers to the period of time the interest rate is set at the beginning of the loan period which is 30 years (360 months); after the initial fixed rate term, the interest rate will adjust every six (6) months. Example: 3-Year Adjustable Rate Mortgage (ARM) calculation assumes a \$250,000 loan amount, 5.625% interest rate, 6.506% APR, with 20% down payment, amortized over 360 months = \$1,439.14 monthly payment. Example: 5-Year ARM calculation assumes a \$250,000 loan amount, 5.750% interest rate, 6.399% APR, with 20% down payment, amortized over 360 months = \$1,458.93 monthly payment. Example: 7-Year ARM calculation assumes a \$250,000 loan amount, 5.875% interest rate, 6.345% APR, with 20% down payment, amortized over 360 months = \$1,478.84 monthly payment. Example: 10-Year ARM calculation assumes a \$250,000 loan amount, 6.000% interest rate, 6.220% APR, with 20% down payment, amortized over 360 months = \$1,498.88 monthly payment. Rates and payments are subject to increase after initial fixed period of loan. If the down payment is less than 20%, mortgage insurance may be needed on the loan. This could increase the monthly payment and the interest rate. Rates subject to increase after consummation.
8. Refinancing not offered for properties in Texas.

This presentation offers *general* information only and is not intended as legal, financial or other professional advice. A professional advisor should be consulted for your specific situation. While information presented is intended to be factual and current, its accuracy is not guaranteed and it should not be considered a complete analysis of the subjects discussed. All expressions of opinion reflect the judgement of the presenter(s) as of the date of publication and are subject to change. No endorsement of any third parties or their advice, opinions, information, products or services is expressly given or implied by Royal Bank of Canada or its affiliates.





US AND CANADIAN ATTORNEYS & NOTARIES



TAX, ESTATE PLANNING & OWNERSHIP NEEDS IN THE UNITED STATES

September 26, 2024

SPEAKER:

SHLOMI STEVE LEVY, B.A., LL.B., J.D., TEP

Attorney/Partner

Member of the Quebec Bar, Member of the Law Society of Ontario & Canadian Legal Counsel

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LEVY SALIS LLP

The comments offered in this presentation are meant to be general in nature and are not intended to provide legal advice regarding any individual situation. Before taking any action involving your individual situation, you should seek legal advice to ensure it is appropriate for your circumstances.

ABOUT THE SPEAKER

SHLOMI STEVE LEVY

B.A., LL.B., J.D., TEP

Partner, Member of the Québec Bar (Barreau du Québec),
Member of the Law Society of Ontario & STEP

Shlomi Steve Levy is a Partner of Levy Salis LLP and is a member of the Quebec Bar, the Law Society of Ontario, the Society of Trust and Estate Practitioners, and the Canadian Bar Association. He was the co-founder of one of the leading cross border tax and estate planning law firms in Canada prior to founding Levy Salis LLP. His practice is dedicated to US and Canadian tax and estate planning for individuals and corporations, Canadians doing business in the United States, US real estate transactions for Canadians, Americans living in Canada, domestic and international trusts, international taxation, corporate law, and cryptocurrency transactions.



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15TH FLOOR
TEL AVIV, ISRAEL

CANADIANS BUYING US REAL ESTATE

US REAL ESTATE – TERMINOLOGY

Title search	Notice of commencement
Lien search	Special assessments
Open / expired permits	Stamp tax
Estoppel letter	Closing Affidavit



CLOSING COSTS: WHO PAYS FOR WHICH SPECIFIC CLOSING COSTS?

CANADIANS BUYING US REAL ESTATE

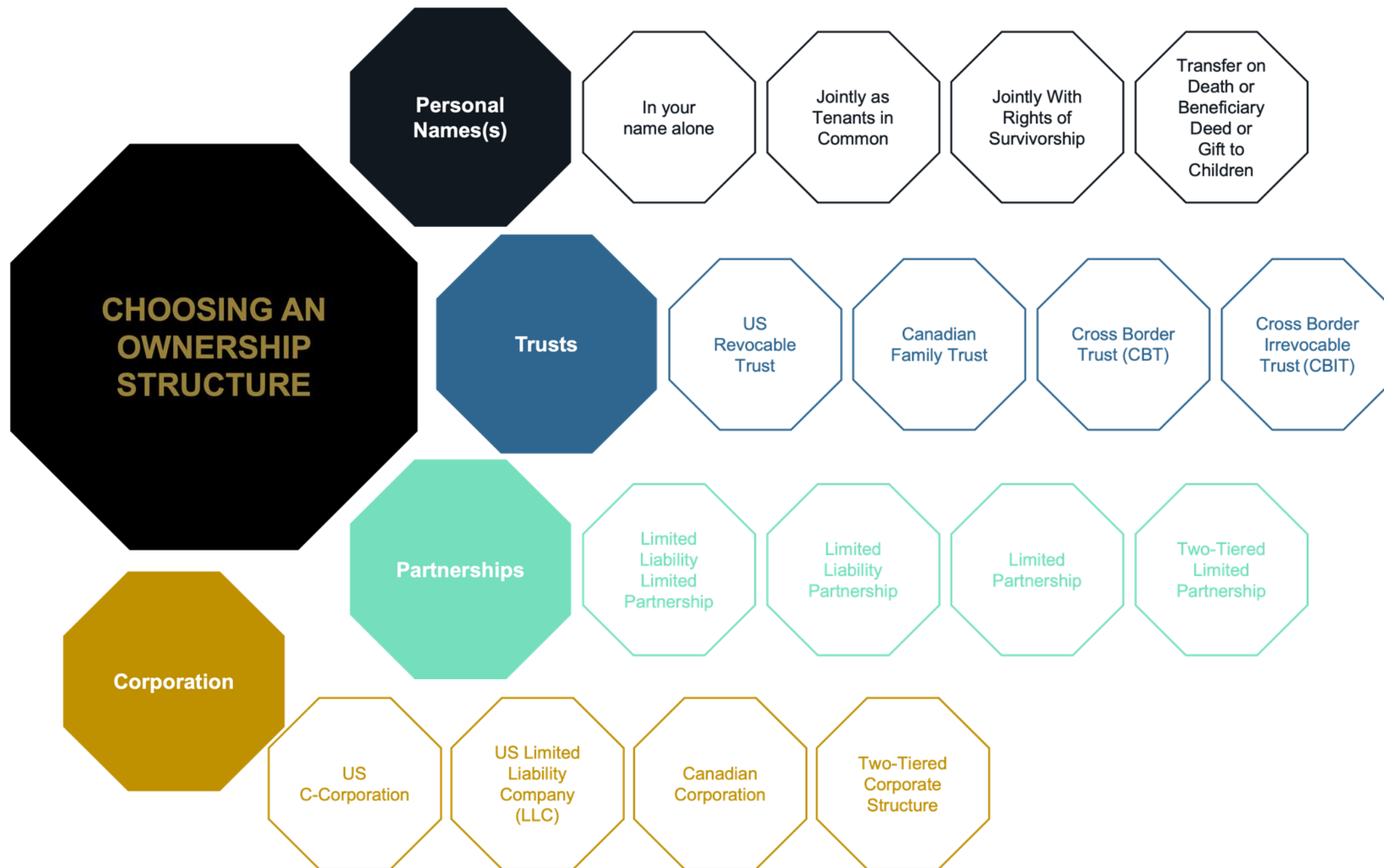
US REAL ESTATE CONSIDERATIONS

OFFER / CONTRACT

- “As Is” vs. With Legal Warranty
- Properly Identifying the Parties
- Inclusions/Exclusions
- Closing Date & Inspection Clause
- Closing/Settlement Costs
- Exit Clause & Additional Terms

ADJUSTMENTS AND LAND TRANSFER TAX

- Fundamental: how to take title



PROBATE

Scenario:

We bought a condominium in Arizona for \$500,000 and put the title in my husband's name alone. Everything was fine until he passed away.

After that, I couldn't sell the property because the estate was frozen, probate took over a year and cost between \$15,000 and \$20,000!





CANADIAN TAX AND ESTATE PLANNING

BEWARE! WHEN SIGNING
US ESTATE PLANNING
DOCUMENTS, DO NOT
REVOKE YOUR
CANADIAN ESTATE
PLANNING DOCUMENTS!

WHAT ABOUT ESTATE
PLANNING FOR US
BENEFICIARY CHILDREN
AND GRANDCHILDREN?

A man in a dark suit and white shirt is seen from behind, looking out a large window at a city skyline. The scene is bright and slightly blurred, suggesting a high-rise office or apartment. The word "INCAPACITY" is overlaid in large, bold, blue letters. There are also large blue quotation marks at the top left and bottom center of the image.

INCAPACITY

Scenario:

My parents own a condominium together in Florida but they can't enjoy it anymore since my mom developed dementia.

My dad couldn't sell the property because of my mom's condition and so we had to do a costly and time-consuming Florida guardianship procedure.

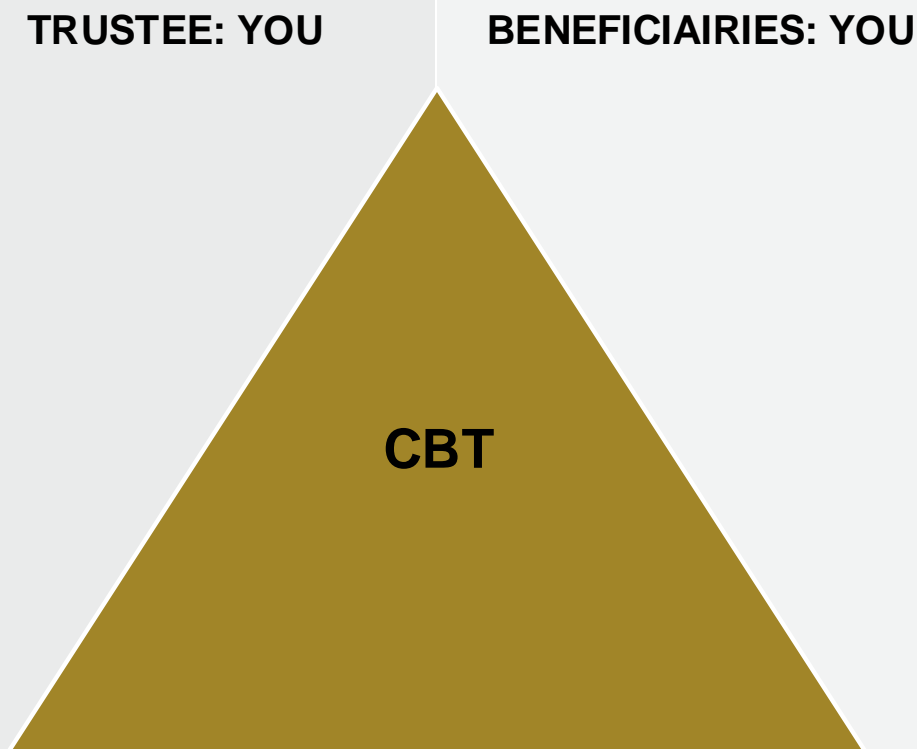
PROTECTION FOR YOUR BENEFICIARIES

Scenario:

We are worried about what happens to our kids after we pass away. What if my son/daughter inherits my \$500,000 house in California and then his/her business goes bankrupt, can his/her creditors seize the house? Also, if his wife divorces him, will she get 50% of the property? What if I want to add my children to the title?

CROSS BORDER TRUST (“CBT”)

- Avoids probate & incapacity issues
- Protects inheritance from divorcing spouses/creditors
- Preserves foreign tax credits (on sale/death)
- Reduces and defers US estate tax (QDOT & discounting)



CORPORATIONS

- Avoids probate & incapacity issues
- Avoids US Estate Tax
- Provides creditor protection
- Shareholder benefit rule
- LLC – **DOUBLE TAXATION PROBLEM**



U.S.
CORP.
100%

CND
CORP.
100%



US CAPITAL GAINS TAX SUMMARY BY OWNERSHIP STRUCTURE

TRUSTS	LIMITED PARTNERSHIPS	PERSONALLY	CORPORATIONS *(US OR CDN)	LLC – DOUBLE TAXATION
IRS – 15 to 20%*	IRS – 15 to 20%*	IRS – 15 to 20%*	IRS – 21%	IRS – 15 to 20%
			FL – 5,5%	CRA – 26%
			Total Tax Liability: 26,5%	Total Tax Liability: 41% to 46%*
*US Federal Rates			*+ Canadian Dividend Tax and US withholding considerations	

CANADIANS SELLING US REAL ESTATE

US & CANADIAN TAX COMPLIANCE

NON-RESIDENT SELLING US REAL ESTATE

- **Must** file a US tax return in the year of sale
- Requires an Individual Tax Identification Number (ITIN)

CANADIANS:

- **Must** report US sale on Canadian tax returns & pay tax on capital gains
- Possible claim for tax credit paid in the US, unless **mismatch**
- Tax on currency gains

US CAPITAL GAINS TAX

- Rate depends whether seller is an individual, corporation, or pass-through entity

CANADIANS SELLING US REAL ESTATE

FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT (FIRPTA)

IF EXCEPTION DOES NOT APPLY:

- Application for a FIRPTA withholding certificate
- Possibility to reduce the withholding to 10%

EXCEPTION TO WITHHOLDING

- Property is sold for \$300,000 USD or less; **and**
- The buyer signs an affidavit

NON-RESIDENT SELLING US PROPERTY: MANDATORY 15% WITHHOLDING ON **GROSS SALE PROCEEDS** & REMITTED TO IRS WITHIN 20 DAYS OF CLOSING

- **Buyer** is responsible for the withholding

SELLING?



Closing Costs \$\$

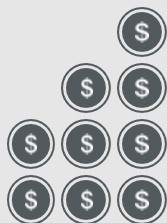


Capital Gains Tax: **US – CDN***

F.W.

FIRPTA Withholding

RENTING?



Income Tax: **US – CDN**



Depreciation



Liability

REFINANCING?



Capital Gains

F.W.

FIRPTA Withholding **0\$**



“Life Style”

* Tax on the exchange rate



US ESTATE TAX FOR CANADIANS

US ESTATE TAX FOR CANADIANS



Does it apply to
Canadians owning
US assets?

Are your US assets > \$60,000
USD?

Is the value of your worldwide
estate >
\$12,920,000 USD



US situs assets

What is in?

What is out?



Worldwide estate

Everything counts!

Specific rules
(joint tenancy, life insurance
policies, etc.)

US ESTATE TAX FOR CANADIANS

If you hold U.S. assets, we recommend that you consult one of our cross border experts to discuss solutions and strategies for U.S. estate tax, probate and other cross-border tax and estate planning issues.

*In order to calculate your exposure, use the calculator below. Please note that the calculator reflects the changes to U.S. estate tax effective January 1, 2024. The calculator is updated annually to reflect annual adjustments to the exemption amount.

levysalis.com/calculators/

	\$100,000	\$1,000,000
	US Taxable Estate Value	Worldwide Taxable Estate Value
Year		2024
Estimated Taxable Amount		\$100,000
Estimated Tax Marginal Rate		30 %
Estimated Estate Tax Amount		\$23,800
Unified Credit Amount		\$538,980
Estimated Estate Tax		\$0

US ESTATE TAX FOR CANADIANS

If you hold U.S. assets, we recommend that you consult one of our cross border experts to discuss solutions and strategies for U.S. estate tax, probate and other cross-border tax and estate planning issues.

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levysalis.com/calculators/

	\$950,000	\$20,000,000
	US Taxable Estate Value	Worldwide Taxable Estate Value
Year		2024
Estimated Taxable Amount		\$950,000
Estimated Tax Marginal Rate		39 %
Estimated Estate Tax Amount		\$326,300
Unified Credit Amount		\$256,016
Estimated Estate Tax		\$70,285

“INVESTMENT PROPERTIES”

Scenario:

I have been following the US real estate market for a while. I think I can realize a nice gain if I buy a property in the US and rent it out for a number of years. Also, the rental proceeds will be a nice income supplement.

How do I structure this kind of business venture?

How will the income be taxed? How do I limit my liability?

IMMIGRATION QUESTIONS



180
DAYS IN A
ROLLING YEAR

IMMIGRATION QUESTIONS



180
***DAYS IN A
ROLLING YEAR***

WHAT IF I WANT
TO STAY PAST
180 DAYS?

IMMIGRATION QUESTIONS



180

*DAYS IN A
ROLLING YEAR*

WHAT IF I WANT
TO STAY PAST
180 DAYS?

**POSSIBLE TO
APPLY TO DO
SO BY FILING**

IMMIGRATION QUESTIONS



180
***DAYS IN A
ROLLING YEAR***

POSSIBLE TO
APPLY TO DO
SO BY FILING

Form I-539

57

IMMIGRATION QUESTIONS

Form I-539



180
***DAYS IN A
ROLLING YEAR***

**MUST FILE BEFORE
180 DAYS ARE UP**

58

IMMIGRATION QUESTIONS



180
*DAYS IN A
ROLLING YEAR*

MUST FILE BEFORE
180 DAYS ARE UP

**NO AUTOMATIC
APPROVAL**

59

182 DAYS
IN THE
CALENDAR
YEAR



00

Day

NO ACTION
REQUIRED

*A typical Snowbird who spends more than 122 days in the US for at least 3 years in a row is likely to meet the SPT.

Therefore, 120 days is used as a guideline for filing Form 8840.

60

182 DAYS
IN THE
CALENDAR
YEAR



120

Days

FORM 8840

61

182 DAYS
IN THE
CALENDAR
YEAR



182
Days

Form 1040NR, Treaty based
positions + Canadian
Health Insurance Concerns!

62

SPENDING TIME IN THE UNITED STATES

SUBSTANTIAL PRESENCE TEST (SPT)

Canadian snowbirds must navigate the complex rules surrounding the number of days they are allowed to spend in the US. The Levy Salis LLP team frequently guides clients through the variety of issues related to this question so they can make informed decisions about the amount of time they spend stateside.

DAYS SPENT IN THE U.S.*:

YEAR OF 2023

YEAR OF 2022

YEAR OF 2021

VISIT [LEVYSALIS.COM/CALCULATORS/](https://levysalis.com/calculators/) TO SEE IF YOU MEET THE SUBSTANTIAL PRESENCE TEST

*THE NUMBER OF DAYS SHOULD INCLUDE ALL DAYS SPENT IN THE US FROM JANUARY 1 TO DECEMBER 31 OF EACH YEAR.

OUR PROCESS

ANALYZE

RECOMMEND

IMPLEMENT

Register Questions

Please use the *Chat* bar to submit your questions in writing during the live presentation

*Note, this webinar is being recorded, and the presentation will be made available on our virtual advice event landing page at **rbcbank.com/VAE***

