

## Canadians Selling USA Vacation Property

When selling a property in the USA, as a Canadian resident you are considered an alien and certain taxes apply.

On the sale, there is a requirement to withhold up to 15% tax from the proceeds. You have the option of filing a US tax return as a non-resident to calculate the actual tax owing and which may allow you to have some of the 15% withholding refunded to you. The form required is a 1040NR along with the required schedule D for capital gains. Additional forms will be required to request a tax filer number. We recommend you seek professional advice to ensure all of the required information is sent as required.

As this is a vacation property, you are not able to claim exemptions for selling your home. The profit on the property will be taxable at the applicable rates in the USA. Once the tax is calculated, the amounts may be available as a foreign tax credit on your Canadian tax return.

Profits on the sale are calculated at amounts on the date of the transactions. The purchase amount is converted on the historical date of the purchase. The sale amount is converted on the recent date of sale.

We recommend you seek professional advice to ensure your tax filings are in accordance with US and Canadian tax law. Failure to file returns as required may result in significant tax and penalties.

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