



2023 CANADA/U.S. CROSS-BORDER TAX REFERENCE CARD



Clients living in Canada may have tax and information filing obligations to the U.S., particularly when they are U.S. persons (U.S. citizens or green card holders), or spend extended periods of time in the U.S. This Tax Reference Card summarizes the key U.S. federal tax figures and filing requirements for Canadians who may also be considered U.S. persons and/or own U.S. situs assets.

The Canada/U.S. Tax Treaty extends certain relief measures from double taxation to those who must file a tax return for both countries. Note that there may also be a requirement to file U.S. state tax and information returns if income from employment, business or the sale of real property is sourced from that state, which is beyond the scope of this communication.

Lifetime Estate and Gift Tax Exemption (US Dollar)

\$12,920,000

Single U.S. persons and Canadians owning U.S. situs assets are permitted an indexed lifetime exemption from U.S. gift and estate tax on assets up to this value.¹ This amount may double for married persons.

Estate Tax (US Dollar)

\$60,000

Threshold value of U.S. situs assets where a U.S. estate tax return must be filed by a non-U.S. person²

\$12,920,000

Threshold value of worldwide assets where a U.S. estate tax return must be filed by a U.S. person³

Gift Tax⁴ (US Dollar)

\$17,000

Annual exclusion for gifts from a U.S. person to a non-spouse⁵

\$175,000

Annual exclusion for gifts from a U.S. person to a non-U.S. spouse⁶

Unlimited

Annual exclusion for gifts between spouses that are both U.S. persons

Income Tax (US Dollar)

Standard deduction: Similar in scope to the basic personal amount in Canada, the U.S. standard deduction provides a minimal level of income that may be received tax-free. The amount of the standard deduction varies and is based on the choice of U.S. filing status.

\$13,850

Single + Married filing separately

\$27,700

Married filing jointly

\$20,800

Head of household

Foreign earned income exclusion: Qualifying U.S. persons who live and work abroad in foreign jurisdictions may be able to exclude from their income all or part of their foreign salary or wages, or amounts received as compensation for their personal services.

\$120,000

1. For non-U.S. persons, the annual exemption amount is pro-rated for their U.S. situs assets relative to their worldwide wealth in USD.

2. Canadians owning U.S. situs assets are not required to file a U.S. estate tax return if the value of their U.S. situs assets is below this threshold. U.S. situs assets for estate tax purposes include U.S. securities, debt and real property such as houses, condominiums and deeded timeshare properties.

3. A U.S. estate tax return must be filed where a U.S. person's estate value exceeds the lifetime estate and gift tax exemption, or their portion remaining.

4. Annual exclusions are per individual gift recipient.

5. Provides the value of a gift that may be made to a non-spouse without triggering the need to file a gift tax return or incurring U.S. gift tax. A married couple could gift up to \$34,000 to any child, grandchild, or other person.

6. A U.S. person may gift property to a non-U.S. spouse up to this value without triggering the need to file a gift tax return or pay U.S. gift tax.



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U.S. Federal Tax Brackets and Rates

Taxable Income Single/married filing separately	Taxable Income Married filing jointly	Marginal Tax Rate
First \$11,000	First \$22,000	10%
\$11,001 to \$44,725	\$22,001 to \$89,450	12%
\$44,726 to \$95,375	\$89,451 to \$190,750	22%
\$95,376 to \$182,100	\$190,751 to \$364,200	24%
\$182,101 to \$231,250	\$364,201 to \$462,500	32%
\$231,251 to \$578,125	\$462,501 to \$693,750	35%
\$578,126 or more	\$693,751 or more	37%

U.S. Capital Gains Tax Rates

	Taxable income				Capital Gains Rate*
	S ⁷	MFS ⁷	MFJ ⁷	HoH ⁷	
Short-Term (held for ≤ 1 year)	n/a	n/a	n/a	n/a	Marginal tax rate
Long-term (held for > 1 year)	≤\$41,675	≤\$41,675	≤\$83,350	≤\$55,800	0%
	\$41,676 - \$459,750	\$41,676 - \$258,600	\$83,351 - \$517,200	\$55,801 - \$488,500	15%
	>\$459,750	>\$258,600	>\$517,200	>\$488,500	20%

* Different rates apply to gains from the sale of "qualified small business stock" (section 1202 IRC), collectibles, and certain unrecaptured gains (section 1250 IRC) on the sale of certain real property.

⁷ S = single ; MFS = married filing separately; MFJ = married filing jointly; HoH = head of household

2023 Tax Dates

Quarterly 2023 estimated personal tax payments due	April 18, 2023	June 15, 2023
	September 15, 2023	January 15, 2024
Individual tax filing deadline / Deadline to request filing extension (Form 4868)		April 18, 2023
2022 personal tax balance payment		April 18, 2023
Individual tax filing deadline for US persons living abroad		June 15, 2023
Extended individual tax filing deadline		October 16, 2023
Self-employed tax filing deadline	15 th day of the 4 th month after fiscal year-end	
Additional extended individual tax filing deadline with IRS consent		December 15, 2023
Deadline to make 2022 IRA, Roth IRA and HSA contributions		April 18, 2023
1 st required minimum distribution (if turned 72 in 2022)		April 1, 2023
Required minimum distributions (73+)		December 31, 2023



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U.S. Tax and Information Forms

Form and Description	Filing Due Date
Form 1040, U.S. Individual Income Tax Return – All U.S. persons resident in Canada must file Form 1040 if their income exceeds a certain threshold. The threshold is anchored to the standard deduction and depends on filing status. For 2023, the threshold for single and married separately filing taxpayers under age 65 is \$13,850, and for married people filing jointly with their spouse it is \$27,700.	Individual tax filing deadline
Financial Crimes Enforcement Network Form 114, Report of Foreign Bank and Financial Accounts (FBAR) – U.S. persons who have signing authority on various financial accounts located outside the U.S., such as bank accounts and investment/brokerage accounts with a combined value of \$10,000 at any time during the year are required to file the FBAR form to identify such accounts. Note that this form is filed with the U.S. Department of Treasury.	April 18, 2023 October 16, 2023 (automatic extension)
Form 8938, Statement of Specified Foreign Financial Assets - U.S. persons with foreign (non-U.S.) financial assets beyond a certain value must file Form 8938, in addition to their FBAR filing. For U.S. persons living outside the U.S. who are single or married filing separately, those values are >\$200,000 on the last day of the tax year or >\$300,000 at any time during the tax year. For married U.S. persons who are filing a joint return, those amounts are >\$400,000 at the end of the tax year or >\$600,000 at any time during the tax year.	Filed with Form 1040
Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations (CFC) – A U.S. person who has an interest of 10% or more in a Canadian corporation (e.g., an operating company or a professional corporation) must file this form. In cases where the U.S. person in Canada does not own the shares directly (e.g., through a family trust), that person may be considered to own the shares indirectly or constructively and would still be required to file.	Filed with Form 1040
Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Corporation or Qualified Electing Fund – A U.S. person who owns a share or unit of a Canadian mutual fund, ETF, or a share of a Canadian holding company must file this form for each fund or corporation owned.	Filed with Form 1040
Form 3520, Annual Return to Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts and Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner – A U.S. person in Canada with an interest in a foreign (non-U.S.) trust must file Form 3520 and 3520-A. Form 3520 is also required if a U.S. person receives a gift (e.g., death benefit from a life insurance policy) exceeding \$100,000 from a foreign person. TFSA's are considered foreign trusts by the IRS, but the IRS announced in 2020 that U.S. persons in Canada may no longer need to file Form 3520 or 3520-A disclosing their RESPs and RDSPs. However, grants, income and gains realized in RESPs and RDSPs are still subject to U.S. income tax.	Individual tax filing deadline

U.S. persons should confirm their U.S. tax and information reporting requirements with their U.S. tax advisors annually.

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