residence in Canada pay Canadian income taxes as if they had never left. Nonetheless, taxation issues arise if the other country imposes its own taxes. If you spend your winters in a country that has a tax treaty with Canada, such as the United States or Mexico, you are protected from double taxation, even though you may have to file tax returns in both countries. If you are spending part of each year in a non-treaty country, you should do your own research to find out what your tax situation is.

The principal question for you, as a retiree, is whether your Canadian-source pension and investment income will be taxed. Some countries impose taxes on income from the rental of your home in the off-season.

Canada has tax conventions with many countries. For more information, visit **www.ccra-adrc.gc.ca/tax/nonresidents/treaty-e.html**. A helpful pamphlet for Canadian snowbirds in the United States, publication P151 entitled *Canadian Residents Going Down South*, is also available from the Canada Customs and Revenue Agency and can be found at **www.ccra-adrc.gc.ca/E/pub/tg/p151/README.html**.

U.S. Tax Returns

The U.S. tax situation is worthy of special mention because parts of the United States are so popular as destinations for Canadian snowbirds. Under certain circumstances, Canadian residents who spend part of the year in the United States may have to file U.S. tax returns. People who are not U.S. citizens are considered aliens. An alien may be classified as resident or non-resident. In general, non-resident aliens are required to pay tax only on certain U.S.-source income. Resident aliens are liable for tax on their worldwide income. The requirement to file a tax return is based on the person's income, age and marital status.

Regardless of the protection provided by the Canada-United States tax treaty (**www.fin.gc.ca/treaties/USA_e.html**), it is important for you to know whether you are considered resident or non-resident by the U.S. Internal Revenue Service (IRS). This is determined according to a calculation known as the "substantial presence test," which is based on a weighted average of the number of days you spend in the United States over a three-year period. You will be considered a U.S. resident for tax purposes if you meet the substantial presence test for the calendar year.