

the number of days you spend in the United States over a three-year period.

Assess Your Reasons for Leaving

Are you ready to live in a different culture?

You can apply for an exemption from the substantial presence test by demonstrating that you maintain a more substantial connection to another country. If you are a permanent resident of Canada and have family and economic ties at home, you should be able to qualify. If you wish to claim this exemption, you must file an IRS Form 8840, *Closer Connection Exception Statement*, before the end of June each year; otherwise, you lose the right to claim this exemption. If you qualify, you may remain in the United States for up to 182 days each year without becoming a resident alien.

If you become a resident alien, you must file a U.S. tax return; if you are a non-resident alien, you must file a tax return only if you have income from certain U.S.

sources. The most common U.S. income source for "snowbirds" is the off-season rental of their southern homes. If you have this type of income, it is considered "not connected" with your presence in the United States and is taxed at a flat 30 per cent of the gross return. If you dispose of U.S. real estate, it is subject to capital gains tax.

If you are required to file a U.S. tax return, you must first apply for an IRS individual taxpayer identification number. However, you may be eligible for relief from U.S. taxes under the Canada–United States tax treaty, since you will also have to declare that income and pay appropriate taxes in Canada. You can obtain more information on this subject from IRS Publication 519, *U.S. Tax Guide for Aliens*, and IRS Form 8833, *Treaty-Based Return Position Disclosure Under Section 6614 or 7701(b)*.

Health-Care Issues

Canadian health care is mainly a provincial matter, and each province's health-care plan has its own residency requirements. A typical requirement is that you are physically present in the province for at least six months a year.