

renunciation. An individual has to apply to Citizenship and Immigration Canada and complete a form designed specifically for this purpose to begin the process of terminating Canadian citizenship.

Taxation Issues

Severing Canadian Residency

You cannot terminate your Canadian citizenship or residency simply by living in another country. To terminate your residency, you have to leave Canada on a permanent basis, sever your residential ties with Canada and establish residential ties in the country you are moving to.

The Canada Customs and Revenue Agency (CCRA) determines non-resident status on a case-by-case basis, so consult a tax advisor about the necessary steps you should take. Retaining Canadian residency does not necessarily put you at a disadvantage. Depending on your situation, your actual tax liability could be lower than the non-resident withholding taxes imposed on your Canadian pensions and investment income.

If you live outside Canada and have severed your residential ties with Canada, you will be considered a non-resident of Canada for taxation purposes. Residential ties are the connections that you may have with

Canada while you are living abroad. Examples of these are:

- residence such as your principal residence or house rented on a short-term basis;
- spouse and/or dependent children who remain in Canada; and
- personal property such as furniture, automobiles, bank accounts, credit cards, driver's licences and health plan memberships, and social ties such as club or professional memberships.

A regular pattern of visits to Canada can be regarded as evidence of continued residency, especially if you have family connections in the country. If you retain ownership of your home, you should lease it on a non-revocable basis; if you have ongoing access to it, it may still be regarded as your residence.

Plan Your Finances

Have you allowed for Canadian withholding taxes on your pension income? Will you be subject to double taxation in your country of destination? Have you arranged to file required tax returns in Canada? Have you made allowances for additional communications and travel costs, and for import duties?