

as income from employment earned in Canada or income from a business carried on in Canada, or taxable capital gains resulting from dispositions of taxable Canadian property. Certain income you receive as a non-resident is subject to non-resident withholding tax. Non-resident withholding tax is considered a final tax liability to Canada. However, on rental income and pension-type incomes, you may be entitled to a refund if you file a return and your taxable income is low enough.

Tax Treaties

The tax situation of Canadians living abroad is complicated to some extent by the fact that each country bases its income tax system on different principles. Canada and the United States both tax "factual residents" on their worldwide income and also tax non-residents on some types of domestic income. Many other countries tax only income from local sources, partly because they lack the resources to assess worldwide income. A few countries do not tax income at all, relying instead on consumption taxes and import duties.

Fortunately, the situation is simplified if you move to a country with which Canada has a tax agreement. Canada has tax conventions or agreements (commonly referred to as tax treaties) with more than 60 countries. These tax treaties often eliminate double taxation for those who would otherwise have to pay tax on the same income in two countries. Generally, tax treaties determine how much each country can tax income such as salaries, wages, pensions and accrued interest.

If you move to a country that does not have a tax treaty with Canada, you may be subject to double taxation. Carefully research the tax laws of the country where you intend to retire. If you will be taxed on your Canadian-source income, find out if the withholding taxes you pay in Canada will be credited against your tax liability in that country.

Estate Tax

Canada does not levy an estate tax, but many other countries, including the United States, do. In the United States, this tax can reach 55 percent for large estates. If you are going to become a resident of a country