

come tax savings in excess of 25 per cent and any RRSP withdrawal while a non-resident would only be subject to a maximum Canadian withholding tax of 25 per cent.

Most personal tax credits would be prorated for this nine-month period, for example 273/365 of the basic personal tax credit of C\$6,456 would be claimed.

You would be deemed to dispose of most capital properties owned on September 30, 1993 at that property's fair market value on that date; consequently, resulting capital gains/losses are reported on the 1993 income tax return. These capital properties include Canadian publicly-traded shares, all foreign shares and foreign real estate. The deemed disposition rules do not apply to "Taxable Canadian Properties". "Taxable Canadian Properties" are instead taxed when ultimately sold by a non-resident. "Taxable Canadian Properties" include Canadian real estate and shares of private Canadian corporations.

Elections can be made to defer the deemed disposition rules (but appropriate security must be given to Revenue Canada) or to trigger a disposition on a "Taxable Canadian Property" (for instance, to use any available capital gains exemption).

I am working in Hong Kong but will be away from Canada for only one year and am retaining many residential ties in Canada. As I am still a resident of Canada, are there any tax planning opportunities since I am paying both Canadian and Hong Kong tax?

Yes. First, Hong Kong salaries tax paid would be creditable against the Canadian income tax liability on this employment income.

Second, if you still maintain a principal residence in Canada and your Hong Kong employment is of a "temporary nature",



any accommodation, meal and travel (for trips between Canada and Hong Kong) reimbursement or allowance may qualify as tax-free to you.

Third, if you are employed by a Canadian company (or its foreign affiliate) in its construction, engineering, agriculture or resource exploration business, you may qualify for the overseas employment tax credit. If eligible, up to 80 per cent of this employment income would be sheltered from Canadian income tax, subject to a maximum of C\$80,000 of income.

Finally, do not forget that you may be entitled to deduct moving and child care expenses. ♦

Barry Macdonald is a partner of Coopers & Lybrand in Hong Kong and heads up their Canadian tax department. He also specializes in Hong Kong and international tax planning. He is a Canadian Chartered Accountant from Vancouver, B.C. and a Hong Kong Certified Public Accountant. Macdonald is also Vice-President and Treasurer of the Canadian Chamber of Commerce in Hong Kong.



NEWS FROM THE COMMISSION FOR CANADA

This new feature will highlight changes and events going on at the Canadian Commission in Hong Kong. This issue starts with some of the services offered at the Commission.

Trade Section

13th Floor, Exchange Square, Tower 1.
Phone: 847-7414.

Open weekdays: 8:30-12:30;
13:30-17:00.

- Call to make an appointment to speak with one of the commercial officers about information on Canadian exports, investing in Canada, or upcoming trade and investment shows.

Consular

16th Floor, Exchange Square, Tower 1.
Phone: 847-7413.

Open weekdays: 8:30-12:00;
13:30-16:00.

Services provided include the following:

- Passport applications
- Special passport processing facility for business people who travel frequently and cannot part with their passports for the routine three-week processing period

- Addition of extra pages to a passport
- Applications for citizenship (most commonly for a child born in Hong Kong to Canadian parents)
- Replacement of lost Canadian citizenship cards
- Canadian Notary Public - Consular officers can carry out most functions of a Canadian Notary Public such as executing affidavits, powers of attorney or statutory declarations. Copies of documents can also be certified.

Immigration

11-13/ Fl, Exchange Square, Tower 1.
Phone: 810-4321.

Open weekdays: 8:00-12:30,
13:15-17:00

(except Wednesday afternoons, please note 12/F section is open during lunch).

Names and phone numbers of key staff in the immigration section who you can call for information on policies and procedures:

Bill Sheppit, Operations Manager,
847-7457

Charles Godfrey, Business Unit,
847-7443

Don Myatt, Family Class, 867-7338
Richard Hetherington, Independent Unit, 847-7464

Sandra Giles, Visitors, Students and Temporary Workers, 867-7316

(Due to Canadian Privacy Legislation, individual cases cannot be discussed over the telephone and are best dealt with by letter.)

Public Affairs

16th Floor, Exchange Square, Tower 1

- For information on economic, cultural and public affairs, contact Neil Reeder at 847-7468

Upcoming Trade and Investment Activities:

Mission on Environmental Technology to Canada and Globe '94, March 13-25

- The Trade Section, in conjunction with the Hong Kong Productivity Council, is organizing an environmental delegation to Canada. The group, consisting of key representatives from Hong Kong industry, academia and government, will visit several Canadian cities and attend the Globe '94 Conference and Exhibition.

Canada Week in the Pearl River Delta, May 2-9

- The Commission for Canada, in conjunction with the Canadian Embassy in Beijing and the Canadian Chamber of Commerce, is sponsoring a trade, cultural and educational festival in Guangzhou.

Cultural Events

- June 26-27 : Toronto Symphony Orchestra, Hong Kong Cultural Centre.

Immigration Processing Times:

Processing times in all immigrant categories are way down, and promise to be even shorter as backlogs in the office are virtually eliminated. Current processing times are as follows:

- Business Cases - 6 months
- Skilled Workers - 12 months
- Spouses/Fiancés - 5-6 months
- Parents - 22 months

Current information on processing times is available in the 12th or 13th floor waiting rooms at the Commission. ♦