

International Days 2010

Canadian Income Tax Implications
For Foreign Students

Presentation Outline

1. Do I need to file an income tax return?
2. What is residency and why is it important for tax purposes.
3. Should I obtain a Social Insurance Number (SIN) or an Individual Tax Number (ITN)
4. Where do I get the proper forms and where do I send my return to.
5. What does a student's tax return look like when it is completed.
6. Where do I get the software for filing a tax return.

Who must file a Canadian Tax Return?

- There is no requirement to file a return unless you have a balance of tax owing at the end of the year.
- It may nevertheless be to your advantage to file even if you don't have to:
 - GST credit (248/year, \$62/quarter)
 - BC sales tax credit (\$75/year)
 - Carry forward of tuition, education, and textbook credits to the future

What is "Residency" and why is it important for tax purposes?

- Canada's taxation is based on the concept of residency.
- A Canadian resident is someone who has a "continuing state of relationship with Canada".
- Residency is a question of fact. The courts will look at many factors to determine if the relationship exists.

Tax Implications of Residency

- Canadian residents will have to pay taxes on all of their income coming from all sources.
- Non-residents will only have to pay Canadian taxes on:
 - Employment income earned in Canada
 - Business income earned in Canada
 - Income from the sale of taxable Canadian Property

SIN vs. ITN

- Students wishing to file a tax return will need to either obtain a Social Insurance Number (SIN) or an Individual Tax Number (ITN)
- A SIN will only be issued to a student who is working in Canada, otherwise a ITN will be issued.

Where do I file and where do I get the proper forms?

- All taxation forms can be downloaded free of charge from the Canada Revenue Agency website: www.cra-arc.gc.ca
- Tax returns for international students as well as applications for ITNs must be sent to:

International Tax Services Office
Canada Revenue Agency
2204 Walkley Road
Ottawa, ON, K1A 1A8

What does a student's tax return look like when it is completed?

- A sample return for Yi Chen has been provided in your package.
- This return would be typical for a student not earning any income but who is filing to claim the GST and BC sales tax credits and who wants to carry over tuition, education and textbook credits.

Where do I get software for filing a tax return?

- Many software packages exist.
- If your income is less than \$20,000, you can file free of charge using the on-line software called "Ufile" at www.ufile.ca.
- To use software you will need a SIN or ITN
- As a Foreign student, you will need to send a printed return rather than E-Filing it.