

#MyVoice Tangible Impact: CRA Changes Rules

As a result of the comments on #MyVoice and those of other families, Canada Revenue Agency agreed to modify the residency determination procedures for spouses of CAF members posted out-of-country



Information Sheet

Spouses of Canadian Government Employees on Foreign Assignment – Residency Status for Tax Purposes

The purpose of this document is to provide **general residency information** for the spouses of employees of the Department of National Defence ("DND")/members of the Canadian Armed Forces ("CAF") and Department of Foreign Affairs, Trade and Development ("DFATD") Canada that are sent on foreign assignments. This document does not address all possible situations that may require more analysis when determining the tax implications.

Please note that our reference to a spouse in this document includes a common-law partner.

Spouses that Intend to Return to Canada and expect to Maintain their Canadian Residency

Where you are the spouse of a Canadian Government employee and are moving with your spouse and family to another country for your spouse to carry out a foreign assignment for the Government of Canada and it is your intention to return to Canada following the assignment, then you will be considered a factual resident of Canada. This factual residency is based on your intention to return to Canada as well as your secondary residential ties maintained with Canada, as described in paragraph 1.14 of Folio S5-F1-C1.

Please do not complete a Form NR73, Determination of Residency Status (Leaving Canada).

As a factual resident, you will have to complete and file your Canadian Personal Income Tax Return and you will meet the residency requirement for Canadian benefits administered by the CRA.

Spouses that do not expect to Maintain their Canadian Residency

If you believe that you will be a non-resident of Canada when you leave with your spouse and family for the foreign assignment because your intention, primary ties and secondary ties support your status as a non-resident of Canada, then you should complete Form NR73, *Determination of Residency Status (Leaving Canada)*. The Canada Revenue Agency will review the information provided in your completed Form NR73 to determine whether or not you will be considered a non-resident of Canada.

If it is determined that you will be a non-resident of Canada, you should know the tax implications, which include:

- (1) You will be deemed to have disposed of certain properties that may give rise to capital gains (taxes on gains can be deferred by using Form T1244, *Election, Under Subsection 220(4.5) of the*



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