CHARTERED PROFESSIONAL ACCOUNTANTS CANADA
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FINANCIÈRE SISIP FINANCIAL

Tax Tips for OUTCAN members

1. **Use Professional Tax Support:**

   OUTCAN tax situations can be complex. Consider professional tax services, check your provincial and territorial rules about jurisdiction, your tax professional might need to practice in the same province/territory as your principal residence in Canada.

   The cost of professional advice is often outweighed by avoiding errors, missed credits, or reassessments. Reasons such as:

   — Residency status is critical,
   — Foreign income and tax credits are complicated,
   — tax treaties matter, and
   — reporting requirements are strict.

2. **Understand Your Tax Residency Status**

   Even while posted abroad, most CAF members remain factual residents of Canada because of significant residential ties (home, spouse, dependents, provincial health coverage, etc.).

   — This means you generally continue filing a Canadian tax return and reporting worldwide income.

3. **Avoid assuming "OUTCAN = Non-Taxable"**

   — Mistake: Believing that being posted abroad automatically makes income or allowances tax-free.
   — Reality: Most CAF members remain Canadian tax residents, and each member should inquire into what allowances are tax-free and what are considered taxable in Canada
   — Avoid it: Always verify how each allowance appears on your T4 and pay statements.
   — Track it: For deductions like RRSP, donations, childcare, etc., as a Canadian tax resident, this still applies
   — Convert: Eligible deductions paid in foreign currency should be converted to Canadian currency – use foreign exchange rates such as the Bank of Canada
   — Pay: Provincial/territorial taxes still apply, depending on where you have significant residential ties before posting

4. **Do not overlook the "T1135 (Foreign Assets)" Requirement**

   — Foreign property with a total cost over $100,000 CAD (e.g., bank accounts, investments, rental property) require an annual T1135 form filed in addition to your T1 personal income tax return – standard for all Canadians.

- Penalties start at minimum $25/day that the filing is late, up to $2,500+
- Track balances in foreign accounts carefully, especially joint accounts.

5. **Be Proactive, not reactive:**
   - Seeking tax advice only after CRA sends a reassessment is too late
   - Depending on where you are in the world, receiving tax documents by mail can be slow. It is better to start planning now for your taxes in January and as soon as your T4 is received. Connect with your tax professional and financial advisor early in the year!

Working with SISIP while on OUTCAN ensures you have expert guidance on budgeting and investments so you can protect your financial future and avoid costly mistakes.

Check out all resources that are available for CAF members and their families:

- Filing taxes while OUTCAN
- Taxes while OUTCAN in US
- CRA and Taxes
- Factual Residents
- Line 24400 - Canadian Armed Forces personnel and police deduction
- Tax Services Discount for CAF Members

Take control of your financial future. Connect with SISIP Financial today to ensure your OUTCAN tax strategy is on the right track!

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