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CANADA

FREE GUIDE, PLAIN LANGUAGE

Taxes for Newcomers to Canada

Your first Canadian return does more than report income — it turns on benefits, credits and savings room for the years ahead.

Read this before your first April in Canada: your first tax return here is not a bill — for most newcomers it is an application. It turns on benefit payments, credits and RRSP room, and it starts your official record with the CRA. File it even in a year you earned nothing in Canada, because until you file, nothing starts.

Five things a filed return switches on — even at zero income

1	**Benefit payments.** The GST/HST credit arrives quarterly and the Canada Child Benefit monthly, both tax-free. They are calculated from your return — no return, no payments, for the whole household.
2	**RRSP room.** A share of what you earn each year becomes room in a registered savings plan. It only gets recorded when you file, and it carries forward until you use it.
3	**Provincial credits.** Most provinces pay their own credits — for rent, energy costs, sales tax — through the same federal return. Many need nothing more than a tick box, but only filers can tick it.
4	**Proof of income.** Your notice of assessment becomes the document that banks, landlords, immigration programs and childcare subsidies ask to see. It does not exist until a return does.
5	**A clean CRA record.** Mortgage applications, benefit reviews and future filings all go smoother when every year since arrival is on file. Gaps get asked about years later, usually at the worst moment.

Benefit amounts, thresholds and rates change every year, so this guide teaches the moving parts and skips the numbers on purpose. Current figures live at canada.ca; free calculators live at taxfilings.ca/tools.

01 Resident for tax: ties, not stamps

What makes you a resident

A home here, a spouse or children here, a lease, a provincial health card, a bank account, a driver's licence. These are residential ties. Once enough of them point at Canada, you are a tax resident — usually from the day you arrived to live, not the day a status changed.

What does not decide it

Immigration status answers a different question. You can be a tax resident on a work or study permit, and you can hold a PR card while your tax home is still elsewhere. The CRA looks at where your life is, not at your paperwork.

> **DO THIS TODAY**
> Write down the exact date you arrived to live in Canada and keep proof beside your passport — a boarding pass, the start date on your lease. Your first return, your benefit start dates and your prorated credits all hang off that one date.

02 The part-year return, in plain words

Your first return reports world income only from your arrival date onward. What you earned back home before that day is not taxed here, though the return asks about it once — the CRA uses it to work out your credits, because most personal credits shrink to match the part of the year you were a resident. The trade is a good one: from arrival day forward, you are inside the system that pays benefits.

> **THE DATE THAT MATTERS**
> Your first return is due April 30 of the year after you arrive — the same spring deadline as everyone else, even for a part year. Put it in your phone now with a reminder in early March. Filing early starts benefit payments sooner, and the personal tax filing services at taxfilings.ca are built for exactly this part-year situation.

03 Benefits are applied for, not automatic

Filing keeps benefits running, but the very first payments usually need a short application as well. For the year you arrive there are newcomer forms: RC151 for the GST/HST credit, and RC66 with its income schedule if you have children, for the Canada Child Benefit. After that first year, both spouses must file every spring — one missing return stops payments for the whole family.

> **MONEY THAT STARTS WITH PAPERWORK**
> These payments are tax-free, land monthly or quarterly, and are recalculated every July from the returns filed that spring. Send the newcomer forms in your first month in Canada — there is no reason to wait for tax season, and on-time applications pay much sooner than back-claims.

04 The foreign property question on every return

Every return asks whether you held specified foreign property — foreign bank accounts, shares, a rented-out flat back home — with a total cost above the CRA's reporting threshold (check the current figure at canada.ca). Cross that line and you must file form T1135 alongside your return. It is a disclosure, not a bill: listing property does not by itself tax it. A home abroad you lived in yourself, and ordinary personal belongings, generally sit outside the rule.

> THE BLANK-BOX TRAP
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> Answering NO in a hurry, or skipping the T1135, carries a penalty that grows for every month the form is late — even when no tax was owed on the property at all. If you realize you missed one, ask about the CRA's voluntary disclosure route before the CRA writes to you first.

05 Treaties: taxed once, not twice

Canada has tax treaties with most countries so the same income is not fully taxed in both places. A pension from home, rent from a property you kept, dividends from old accounts — each has its own treaty rule, and tax already paid abroad usually becomes a credit against your Canadian tax. One more quiet rule works in your favour: property you owned on arrival is treated as if you bought it that day at its market value, so growth from before you moved is never taxed here.

> WORTH ONE EXPERT CONVERSATION
>
> Collect statements showing what your foreign accounts and property were worth on your arrival date — that snapshot sets your starting point for every future gain. If income still flows from your home country, the cross-border tax services at taxfilings.ca handle these treaty questions all day.

06 The first-year checklist

- ☐ Arrival file: the date you arrived, with proof, plus value statements for everything you kept abroad
- ☐ SIN: get your Social Insurance Number before your first payday
- ☐ Benefit forms: RC151 (and RC66 with children) in your first month
- ☐ Direct deposit: set it up so payments land without paper cheques
- ☐ File every spring: even for a year of zero Canadian income
- ☐ CRA My Account: register online once your first return is assessed
- ☐ Foreign property: total its cost and compare it to the T1135 threshold at canada.ca
- ☐ Treaty income: flag pensions or rent from home before you file, not after
- ☐ Records: keep every tax paper for six years — the CRA can ask for them (confirm current record rules at canada.ca)
- ☐ Year one help: a part-year return is the one most worth having prepared professionally

07 The settling-in self-check

Give yourself one point for every YES.

1. I know the exact date I became a resident of Canada for tax purposes.	YES / NO
2. I have sent the newcomer benefit forms — or checked that I do not need them.	YES / NO
3. I know whether my foreign property sits above or below the T1135 reporting line.	YES / NO
4. I have arrival-date value statements for the accounts and property I kept abroad.	YES / NO
5. I understand which of my credits are prorated in a part year.	YES / NO
6. A return exists (or is planned) for every year since I arrived, including low-income ones.	YES / NO
7. I know where to check the treaty rules for income from my home country.	YES / NO

6–7 · Green
Your setup year is on track. Keep filing every spring and the system runs itself.

3–5 · Yellow
A few switches are still off. Start with the benefit forms and your arrival-date file.

0–2 · Red
Benefits and credits are likely sitting unclaimed. Start with the benefit forms this week.

08 Your first-month plan

Week 1
Apply for your SIN. Build the arrival file: the date, the proof, and value statements for anything kept abroad.

Week 2
Send RC151 — and RC66 if you have children. Set up direct deposit at your bank.

Week 3
Total the cost of your foreign property and check it against the T1135 threshold at canada.ca.

Week 4
Choose how you will file in spring — software, or the personal tax filing team at taxfilings.ca — and calendar April 30.

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Editorial policy. Every guide is researched against primary sources — the Income Tax Act, CRA publications and CPA Canada materials — fact-checked by Udit Gupta, and updated when the rules change.

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