

PERSONAL TAX • NEWCOMERS

Newcomer to Canada — Tax Guide

Your first Canadian tax return: residency, what to report, and the benefits worth applying for.

START WITH YOUR DATE OF ENTRY

Almost everything in your first return depends on the date you arrived in Canada and established ties here. Have that date, your Social Insurance Number and your immigration documents to hand before you begin. If you are unsure which date applies to you, tell us the circumstances and we will work it out.

Residency for tax purposes is not immigration status

Canada taxes on the basis of residency, not citizenship or visa category. You can be a resident for tax purposes while holding a work permit or study permit, and a permanent resident can be a non-resident for tax purposes if they live elsewhere.

You generally become a resident for tax purposes when you establish significant residential ties to Canada. The main ones are:

- A home in Canada that is available to you
- A spouse or common-law partner living in Canada
- Dependants living in Canada

Secondary ties are also weighed — a Canadian driving licence, provincial health coverage, bank accounts, personal property, memberships and economic ties. No single factor decides it; the CRA looks at the overall picture.

WHY THIS MATTERS SO MUCH

A resident reports worldwide income from the date of arrival. A non-resident reports only certain Canadian-source income. Getting the residency position and the arrival date right is the foundation of the return — everything else follows from it. Where the facts are not clear-cut, this is worth a conversation before filing rather than after.

Your first return — what to report

In the year you arrive, you are generally a part-year resident. You report your worldwide income for the part of the year after you became a resident of Canada. Income earned before that date is generally not reported as income on the Canadian return, though it may still need to be disclosed so that credits can be calculated correctly.

REPORT INCOME EARNED AFTER ARRIVAL FROM

- ☐ Canadian employment — T4 slips
- ☐ Employment outside Canada, if earned while resident here
- ☐ Self-employment, contract or gig work anywhere
- ☐ Interest and dividends, Canadian and foreign
- ☐ Rental income from property anywhere in the world
- ☐ Pensions and annuities from any country

- ☐ Capital gains on dispositions after arrival
- ☐ Scholarships, fellowships and bursaries

MONEY YOU TRANSFER TO CANADA IS NOT INCOME

Bringing your own savings into Canada is a transfer of capital, not a taxable event. Large transfers may attract reporting by your bank under anti-money-laundering rules, but that is not a tax charge. What matters is income you earn while resident here, not funds you move. Keep evidence of the source of the funds and their value on the date you arrived.

Deemed acquisition — value your assets on arrival

When you become a resident of Canada, you are generally treated as having acquired most of your property at its fair market value on that date. That value becomes your cost base for calculating any future capital gain.

This is genuinely valuable and easy to lose. If you owned shares or a foreign property for years before arriving, the growth before your arrival date is generally outside the Canadian tax net — but only if you can evidence the value on the day you arrived.

- ☐ Statements showing the market value of investment accounts on your arrival date
- ☐ Valuation or evidence of market value for any foreign real estate
- ☐ Records of holdings in shares, mutual funds and similar assets
- ☐ Evidence of value for significant personal property

Gather these while they are still easy to obtain. Reconstructing a historic valuation years later is expensive and sometimes impossible.

Benefits and credits to apply for

Several Canadian benefits are not automatic for newcomers — you apply, and in some cases you can apply before you have ever filed a return.

Benefit	Notes
GST/HST credit	Income-tested quarterly payment. Newcomers apply using the CRA's form for new residents rather than waiting for a filed return.
Canada Child Benefit	Monthly payment for children under 18. Requires information on your income and your spouse's income for prior years, including income earned outside Canada.
Provincial benefits	In Ontario, the Ontario Trillium Benefit combines several credits and is claimed through your return. Rent or property tax paid may support the claim.
Canada Carbon Rebate and similar programmes	Availability and amounts vary by province and change from year to year. We will confirm what applies to you.

Benefit entitlement for the period after arrival generally depends on world income for the relevant base years, including income earned before you came to Canada. Have those figures available even though they are not taxed here.

Credits in your first year

Some non-refundable tax credits are prorated in the year you arrive, based on the part of the year you were resident. Others are not. The basic personal amount is generally prorated where you were resident for only part of the year, unless substantially all of your income for the period was Canadian-source.

This is an area where returns are frequently prepared incorrectly — either by claiming full-year credits that should have been prorated, or by prorating credits that did not need to be. Both produce the wrong result.

Foreign property reporting

Where the total cost of your specified foreign property exceeds CAD \$100,000 at any time in the year, Form T1135 must be filed. This includes foreign bank accounts, foreign shares held outside a registered account, foreign rental or investment real estate, and interests in foreign entities. It generally excludes property held for personal use and assets in registered Canadian accounts.

ONE RELIEF YOU SHOULD KNOW ABOUT

You are generally not required to file Form T1135 for the tax year in which you first become a resident of Canada. The obligation ordinarily begins with your second year. That relief applies only to the first year — the form is then required for every subsequent year the threshold is met, and the penalties for not filing are substantial. Tell us if you hold assets abroad, including a family home or ancestral property, so we can assess this properly.

Foreign income and double taxation

Income taxed in another country and also reportable in Canada does not generally get taxed twice. Relief comes through the foreign tax credit, and through the terms of any tax treaty between Canada and that country. Canada has a treaty with India and with many other countries.

- ☐ Foreign tax returns filed for the year
- ☐ Evidence of foreign tax actually paid, not merely assessed
- ☐ Foreign income statements and slips
- ☐ Details of any foreign pension, provident fund or retirement account

Treaty relief is not automatic and its application depends on the specific article and your circumstances. Please do not assume income is exempt because it was taxed abroad; let us check.

Practical first steps

Step	Why
Apply for a Social Insurance Number	Required to work, to file, and to receive benefits
Register for CRA My Account	Lets you see slips, assessments, benefit payments and correspondence
Set up direct deposit with the CRA	Refunds and benefits arrive faster and more reliably
Keep your address current with the CRA	Missed correspondence is a common cause of lost benefits
Apply for benefits without waiting for a return	Several newcomer benefit applications can be made on arrival

Send us this for your first return

- ☐ Completed Tax Information Form from our website
- ☐ Date of entry into Canada, and your immigration document
- ☐ Social Insurance Number
- ☐ All Canadian slips — T4, T4A, T5, T2202
- ☐ Income earned outside Canada before and after arrival, stated separately
- ☐ Spouse's details and income, including income earned abroad
- ☐ Children's names, dates of birth and SINs if issued
- ☐ Market value of investments and property on your arrival date
- ☐ Details of any foreign property, accounts or pensions
- ☐ Rent paid in the year, and your landlord's details, if in Ontario
- ☐ Tuition certificates, if you or your spouse studied in Canada
- ☐ Medical expenses paid after arrival, if not covered by a plan

The mistakes we see most often

- Not filing a first return at all, in the belief that no Canadian income means no filing — which forfeits benefits
- Reporting full-year worldwide income instead of income from the date of arrival
- No record of asset values on the arrival date, losing the deemed acquisition benefit
- Not disclosing a foreign bank account or family property, then facing T1135 penalties later
- Treating a transfer of savings into Canada as taxable income
- Claiming full-year credits where they should have been prorated
- Missing the Canada Child Benefit application, which is not automatic

Questions

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PPND works across both Canadian and Indian tax systems, so if you have filings or assets in India as well as Canada we can look at both sides together.

IMPORTANT — PLEASE READ

This checklist is general guidance prepared by PPND Taxation & Financial Services Inc. for the convenience of our clients. It is not tax, legal, or accounting advice for your particular situation, and it is not a complete statement of the law. Filing deadlines, rates, thresholds, and reporting requirements change; always confirm the current-year position with us before acting. Residency determinations, treaty relief and first-year credit calculations are fact-specific and should not be decided from a general guide. If your circumstances are unusual or you are unsure whether something applies to you, contact us before filing.