A CANADIAN’S BEST TAX HAVEN: THE US
Take your money and DRIVE!

Robert Keats, CFP®, RFP, MSFP

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Notice to Readers

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Dedication

This book is dedicated to God and my family — wife: Barbara; children: Carl, Daniel, Sarah, and Rebekah; grandchildren: Daniel, Colton, and Addison. They all give my life meaning.

I would like to thank and express sincere appreciation for all of our cross-border clients and employees at KeatsConnelly for the support that has made the publication of this book possible.
After writing ten editions of *The Border Guide: A Guide to Living, Working, and Investing across the Border*, a Canadian bestseller, and with about 1,000 Canadian baby boomers retiring each day, I felt the time was right for a simpler, more direct decision-making tool to assist Canadians in making the right choice when moving to a warmer climate in search of lower taxes.

This book will help you determine if the lifestyle choice of moving to a tropical climate with year-round golfing and sandy beaches is not only possible but whether it could also save you money, in the form of a lower cost of living and lower income taxes. This reduction in living expenses and taxes can allow you the ability to enjoy a lifestyle that most people have never dreamed possible.

The inspiration for this book came to me a few years ago when I was asked to speak to a group of Canadians in Dublin, Ireland. These Canadians were looking for the golden ticket — a tax haven which would allow them to more efficiently use their lifetime of savings to maintain that desired tropical lifestyle, without having to pay nearly half of their income to the government in the form of income taxes. At this conference, there were multiple lectures and seminars from major financial institutions from many of the major tax havens of the world, pontificating the benefits of moving to their jurisdictions.
Most of the attendees of this conference had read the book *Take Your Money and Run!* by Alex Douli. He did an excellent job writing his book, and it was an interesting read that allowed readers to dream of living on a yacht or some tropical island free from any government-tax authority. He made it sound very romantic and exciting, but the bottom line is that it is totally impractical for most Canadians and would not likely result in any net cost of living and income tax reductions.

Who would want to live on a yacht bobbing up and down from port to port with nowhere to ever call home, all the while looking over his or her shoulder to make sure the tax man is not bearing down on him or her? It may be fine for a few people or for a little while; however, yachting is very difficult and expensive, not to mention confining, sometimes nauseating, and potentially dangerous. Similarly, trying to find that ideal tax haven island in the middle of nowhere is not very practical for most people for the multiple reasons I will outline in this book.

My 35 years of experience advising Canadians in international tax and financial planning matters told me that the desired tropical lifestyle and reduction in living expenses is available to most Canadians, literally right beneath their noses in the form of the United States of America. I’m also of the firm belief that you should “Give to Caesar what is Caesar’s” (Mark 12:17) and that thumbing your nose at the Canada Revenue Agency (CRA), although sometimes tempting, does no one any good. Keeping the CRA on your side by following its negotiated treaty rules actually gives you greater freedom in your lifestyle choice and greater protection from an adversarial relationship that could cause you a lot of aggravation.

As you will see in this book, I am quite fed up and disheartened with a small contingent of Canadian advisors who have very little knowledge about US tax and financial planning rules but preach to clients as if they were experts. They clearly do not understand how the US can be used to assist Canadians in achieving their desired cross-border lifestyle and reducing taxes. In my opinion, these advisors take advantage of a trusted relationship with their clients. They continually perpetuate myths and provide the wrong advice about the US due to ignorance, personal bias, or just plain laziness to take time to get educated properly.

I make no apologies to those in the Canadian advisory industry who ignore the US when advising Canadians to take their money and go to the proverbial tax haven island in the middle of nowhere in an
attempt to kiss the CRA goodbye. However, if they are sincerely interested in doing what is in the best interest of their clients, I encourage these advisors to read this book. By reading this book, they may change their perspectives and help clients make the right choice as to which option is more appropriate for them: the US, or the traditional tax haven island.

This book will show Canadians a practical path to that desired tropical lifestyle in a low-tax jurisdiction with full, protected access to Canada to invest, own a business, and visit family and friends without having to live on a rocky boat or an island in the middle of nowhere.

As with my authorship of *The Border Guide*, in order to prevent this book from becoming a dry technical manual that is factually accurate but functionally useless, I have presented my ideas in a non-technical fashion. Certain concepts have occasionally been simplified in the service of readability. Sound professional advice is unquestionably recommended for the application of any of the ideas, suggestions, or techniques detailed in *A Canadian’s Best Tax Haven: The US*. 
The words “tax haven” are indeed mysterious and sometimes misleading, and have oftentimes been used and abused to depict mystical and elusive dreams. What does it mean to go to a tax haven? Is it some sort of fortress, a beautiful island, or, perhaps, a nursing home?

There are many definitions for tax haven. There is a strict technical definition and then there is a simpler and easier to understand layperson’s definition. I will describe both in this chapter, so you have a better insight into the world of tax havens. I will describe how you can cut through the mystery and get to the bottom line to see how you can benefit from the legal use of a tax haven, in particular the best tax haven for Canadians: the United States.

For Canadians, deciding to use a tax haven can be as simple as taking their money, packing their bags, and voting with their feet to depart Canada. In other words, Canadian citizens have no obligation to physically live in Canada to maintain their Canadian citizenship. When they leave Canada, they are no longer formal Canadian residents, and they are no longer subject to Canadian income taxes on their worldwide income. However, making that leap from Canadian residency to that of the tax haven can be a critical lifestyle choice, which warrants a great deal of research and planning before making that final move.
1. The Traditional Tax Haven

The traditional tax haven is defined as a country with the following characteristics:

• No or very minimal income tax.
• Bank secrecy to the extent the laws of the country will not allow the exchange of tax information or banking information with foreign authorities.
• Generally no tax treaty with any other country.
• Relative ease for a foreign person to establish residency with few immigration hurdles.
• No requirement for the resident to spend a minimum amount of time in that country, and the resident does not have to become a citizen.
• A stable government and political system backed by a significant police force and/or military.

2. The Real Tax Haven Definition

The following is the layperson’s definition and the definition of the ideal tax haven I will use throughout this book:

An ideal tax haven is any country to which Canadians can easily move to achieve a preferred lifestyle whether it is better climate, lower taxes, or combination of both. This country will provide a lower overall individual cost of living by taking into consideration all factors such as food, accommodation, travel and including income tax, which will be less or substantially less than their current Canadian lifestyle costs. This country will still allow them to have the benefit of all of their Canadian family and social relationships while living in their preferred residence.

3. Where Are the Traditional Tax Havens?

Most of the so-called traditional tax havens used by Canadians are current or former British colonies and associated states located in the Caribbean. Approximately 15 percent of the countries in the world are considered traditional tax havens.

The following is a list of some of the more popular tax havens that fit the offshore traditional tax haven definition noted in section 1. and generally advertise themselves as tax havens:

2. A Canadian’s Best Tax Haven: The US
What Is a Tax Haven?

- Bahamas.
- Bermuda.
- British Virgin Islands.
- Cayman Islands.
- Channel Islands.
- Cook Islands.
- Costa Rica.
- Cyprus.
- Isle of Man.
- Liechtenstein.
- Monaco.
- Panama.
- Seychelles.
- Switzerland.
- Turks and Caicos Islands.

Most of these traditional tax havens charge some level of income tax as well as other equivalent taxes or fees to those using the country as a resident or parking spot for assets (see section 4.). The International Monetary Fund (IMF) calculates that the combined cross-border assets of all these tax havens or Offshore Financial Centers (OSCs) — the new name for tax havens — constitute about 50 percent of the world’s total cross-border assets or about $6 trillion.

Consequently, the impact these traditional tax havens have on the world economy is significant; particularly, taking into consideration the billions of dollars of annual income taxes individuals and corporations save using these OSCs that don’t go into the coffers of their home countries and, thus, are available for capital investment around the world.

Each one of these tax havens has many different rules, taxes, fees, geographical limitations, and political stability issues. It makes it very difficult for most Canadians to use a traditional tax haven to their benefit because of the expenses, negative lifestyle choices, and geographical distance from Canada. You will read more about this in Chapters 2, 3, and 4.
4. The Taxes of Tax Havens

It could be considered an oxymoron for tax havens to have taxes but every country needs to pay its bills, so it is important to understand where tax havens take their money from individuals and corporations doing business in or through their country. I will give a few examples here for the more popular tax havens. This will give you a better feel for the type of taxes you would face from a traditional tax haven.

In addition to these various taxes and fees levied by a tax haven country, residents earning investment or business income outside the tax haven will face other non-resident withholding taxes on certain sources of income from other countries around the world; this kind of withholding is discussed further in Chapters 5 and 6.

The following sections include some typical examples of how traditional tax havens take in taxes from individuals living in their jurisdiction. It could be appropriate to go through all the other tax havens listed in section 3 and give what would be a very similar series of direct and indirect taxes that those governments take from their residents and visitors. However, sections 4.1 and 4.2 give a very good idea of what you can expect from a traditional tax haven island.

Traditional tax havens vary in applicable rates and what they call their taxes to better conceal them from individual examination but they all have noteworthy taxes. These significant taxes can be a major cost factor that should be included in the decision of any Canadian looking to go to a traditional tax haven. In Chapter 3, I endeavor to give a typical estimation of the annual cost of living in traditional tax havens.

4.1 Bahamas

The government in the Bahamas taxes the following items:

- Property: Property tax is generally 1 percent of the assessed value of owner-occupied property annually and 1.5 percent of commercial property.

- Customs duties: Range from 0 to 210 percent and is collected on all imports. The average rate is 30 to 35 percent.

- Stamp duty: This is a flat-dollar or percentage tax on transactions such as land or personal property transfers, posting bonds, affidavits, and powers of attorney.
• Corporate taxes: Although corporations are not subject to a direct income tax, they are taxed on just about everything they do such as business licensing fees, import taxes, and inventory taxes.

• Foreign exchange control: Although not technically a tax, the foreign exchange control can be costly to those who are subject to it. Other than specific, capped amounts that may be handled by authorized banks, any transaction subject to the foreign exchange rules (e.g., loans, dividends, capital repatriation) must be approved by the central bank.

July 1, 2014 the Bahamas introduced a 15 percent value added tax, VAT, to allow it to reduce its import and excise duties to accommodate its submission into the World Trade Organization. The 15 percent VAT will be applied to all goods and services with the basic exemptions for things like food and health care. Although some of the customs duties noted in the second pull it point above may be decreased the overall net effect of the new VAT will mean higher total taxes.

4.2 Cayman Islands

The Cayman Islands taxes the following items:

• Imports: These duties range from 5 to 42 percent on virtually everything that comes to the islands. For example, luxury automobiles get the full 42 percent import duty.

• Tourist accommodation: This tax is around 10 percent.

• Financial institutions: Licensing fees range from $3,000 to $500,000 per year and tax on employees ranges from $500 to $20,000 per year per employee.

• Stamp duty: This duty on real estate purchases ranges from 7.5 to 9 percent of the value of the property. Mortgaging the property receives a 1.5 percent of the mortgage stamp duty. For rental property, it is 5 percent of the value of the property.

5. Mexico Is Generally Not Considered a Traditional Tax Haven

In the past several years Mexico has lost a great deal of its appeal because of thousands of murders annually due to the extensive gang wars
and drug cartel activities that the Mexican government seems to slowly be getting under control. Although the media tends to blow things out of proportion as to what is actually happening, in many of the more desirable areas of Mexico, there is strong evidence that Canadians and other foreigners are not exempt from suffering the consequences of this gang warfare, including accidental death when caught in the cross-fire in cartel gun battles or kidnappings for ransom.

One of the main criteria to look for in a tax haven is that it has a well-established, stable government with a sufficient police force and/or army to keep the peace. The US has lower income taxes than both Canada and Mexico, a very good tax treaty with Canada, and a more stable system of government and police/armed forces than Mexico. In addition, the US, in many places, has a low cost of living equivalent to Mexico, so consequently most Canadians would agree the US Sun Belt and its tropical locations make the US a more suitable tax haven for Canadians.

Mexico has never been considered a traditional tax haven in the technical sense, which is why it was not in the list of world tax havens in section 3. However, Mexico, with its lower cost of living and tax rates, does, to a certain extent, meet the layperson’s definition of a tax haven. It does have a great deal of long sandy beaches, golf courses, palm trees, and seemingly endless days of summer. The great advantage of Mexico is in the cost of living where labor is plentiful and inexpensive, so a Canadian with an average income can live in substantial luxury.

Mexico has a Value Added Tax (VAT) of 16 percent on most goods and services in the country. As for income taxes, Mexico falls somewhere in between the US and Canada. Mexico’s income taxes are not as high as Canada and not as low as the US on most types of income. Note that Mexican residents and nationals are taxed on their worldwide income.

Over many years of interviewing Canadians living in Mexico, I learned that the main tax savings come from the situation in which these people don’t file the required Mexican tax returns and, therefore, unlawfully avoid Mexican income taxes. Even though the Mexican government is not all that sophisticated in catching people who are not filing the proper returns on their worldwide income, I believe those Canadians not in full compliance with Mexican tax laws are taking a substantial risk; they may be thrown in jail or have their assets seized if the Mexican government catches up to them.

As an advisor, I would never recommend you jeopardize your lifestyle and assets by going into a foreign jurisdiction and failing to comply
with the tax regulations of that country with the hopes of never being caught. One day in a Mexican jail could easily be worse than 1,000 rainy days elsewhere. Flouting the law regardless of the chances of being caught is not a good tax haven strategy.

Note that Mexico has a tax treaty with Canada. If you follow Mexican tax rules, as you most definitely should, you will get some tax relief if you do decide to immigrate to Mexico and call it home.

6. The US Is a Good Tax Haven for Canadians

The US meets virtually all of the requirements of a good tax legal haven for Canadians but it is rarely mentioned when discussing worldwide tax havens.

As I mentioned in the introduction, I did a speech at a conference in Dublin, Ireland, several years ago. Many of the retired Canadians in attendance wanted to know if it was practical for them to go offshore to one of the traditional tax havens. They had savings and pensions they hoped would last them for a lifetime, particularly if they were prudent and made the right choice of jurisdiction to live in.

They were seeking the opportunity to get away from the Canadian combined income taxes, sales taxes, goods and services taxes (GST), harmonized sales taxes (HST), property taxes and land transfer taxes. All of these Canadian taxes when totaled were generally more than 50 percent of their income, which they had been forced to deal with their entire careers. These Canadians were seeking an answer to the question of whether there was relief available for them in retirement by moving to a tax haven, now that they had shed their businesses or jobs in Canada.

At the conference, the speakers mainly represented financial institutions from all the major tax havens and they spoke about the many possible tax benefits of their particular countries. The US as a tax haven never came up in any of the presentations to the Canadian group until I had my turn to speak. Initially, many thought I was crazy in my presentation even to mention the “United States” and “tax haven” in the same sentence!

The US is the most overlooked tax haven opportunity under the layperson’s definition of this phrase as described in section 2, and the chapters to follow will provide convincing evidence of this.
6.1 Do not fear the Internal Revenue Service (IRS)

The Internal Revenue Service (IRS) is one of the main reasons most Canadians and many of their Canadian advisors never consider the US as a tax haven in which they can get substantial tax benefits. I wish I had a dollar for every time I heard a Canadian advisor tell his or her clients, “You don’t want to move to the US because you’ll have to deal with the IRS.”

Over the years, the IRS has done one of the best negative marketing campaigns ever to get taxpayers to comply with its many complicated rules. It has developed an incredible brand that I would classify as “fearful respect.” As an example, the Union Bank of Switzerland (UBS) had a recent scandal where the bank was discovered to be encouraging Americans to fraudulently hide money in their UBS Swiss bank accounts. The IRS had a very simple but effective negative campaign to get taxpayers to comply with its rules. The IRS put a couple of derelict taxpayers in jail and/or heavily fined them levied hundreds of millions of dollars in fines against the bank and then made sure the story was printed in every newspaper and discussed on every TV news station in the US, in Canada, and around the world!

The IRS was also successful in severely penalizing the UBS bank and forcing it to provide lists of all US citizens or residents with deposits in the UBS. Much to the mortification of the long-time Swiss government’s highly coveted bank secrecy laws, this opened the doors for the IRS to force other banks in Switzerland and around the world to also provide lists of US citizens with deposits at their respective banks. The IRS was emboldened by the success with UBS and has attacked other Swiss banks in a similar manner, causing what has become a bit of a war between the IRS and Swiss banks, with many Swiss banks now refusing to allow any US citizens to open accounts at their banks.

The IRS scared US citizens and residents in a similar situation to the UBS scandal, who either deliberately or through ignorance failed to report to the IRS on deposits and investment accounts in foreign countries. The IRS then developed several amnesty programs for people to voluntarily come forward and disclose their foreign holdings, specifically called the Offshore Voluntary Disclosure Initiative (OVDI). Consequently, to avoid being thrown in jail, many US taxpayers subscribed to the amnesty program and had the penalties limited to about 20 percent of their offshore, previously non-reported assets rather than risk the IRS tracking them down.
These types of IRS campaigns are very effective in collecting funds by coercing taxpayers all over the US and the world to better comply with its rules voluntarily. In the two OVDI programs the IRS put out in 2009 and 2011, they collected close to $3 billion from thousands of US citizens, many of whom were also dual-citizen Canadians who, innocently, did not know of these foreign-reporting rules. A high-ranking IRS official bragged that this was the lowest cost and most successful tax collection program the IRS had ever conducted. The latest voluntary disclosure program introduced in 2014 has allowed many filers living outside of the US, paying taxes in another country, who didn't understand the rules to get in compliance with reporting without any major penalties or fees. When you think about this, it is a brilliant branding campaign by the IRS; it costs virtually nothing but gets phenomenal attention and results. A corporation would spend many millions of dollars to get its branding up to the same level that the IRS can do virtually for free!

Canadians and their advisors take heed to the branding, and recognize the IRS as a force to be reckoned with, and avoid its ire where possible. This is exactly what the IRS wants: people to follow the rules and pay the taxes they are legally obligated to pay.

However, truth be known, for those who follow the rules and use them to their advantage, the IRS is as easy as or in many areas easier to deal with than the CRA. Taxpayers in the US have many more basic rights than taxpayers in Canada. For example, the IRS burden of proof standards prevent the IRS from attacking the taxpayer without solid proof that the person is in violation of statutes. These kinds of rules are in place to prevent the government from harassing taxpayers without sufficient evidence of any wrongdoing.

The IRS has a dispute resolution process that works very well to resolve complex or difficult tax assessments which cannot get resolved through the standard channel of calls, letters, and emails. This dispute resolution process is far superior, from the taxpayer’s perspective, to the ombudsman program of the CRA. The IRS dispute resolution option allows the US taxpayer to bypass all the normal channels after a certain period of time of non-correction to get the problem resolved in a matter of weeks. Under CRA rules, whether or not you are right or wrong, some problems seem to go unresolved with a great deal of time and expense wasted unnecessarily by both the taxpayer and CRA.

I do not know whether it is just my imagination or paranoia but there seems to be a definite change in CRA over the past several years.
with its appeals officers and auditors. From my observation, the employees have become very aggressive and less willing to negotiate with Canadian taxpayers over disputes. This change of attitude by the CRA dramatically increases the taxpayers’ legal and other costs to fight for their rights. Often the only practical solution is to do what the CRA is demanding even though the CRA may be wrong. In contrast, in the US, if the IRS is wrong or overly aggressive and impinges on common sense and logic in proceedings against taxpayer, including violation of the taxpayer rights the taxpayer has the full right to recover all of their legal expenses from the IRS all based on the decision of an independent judge.

There are more taxpayer rights in the US; however, the IRS, similar to the CRA, is no picnic to deal with under the best of circumstances. My main point is, for those who generally follow the rules and do not push filing options past prudent limitations, chances of a timely and favorable resolution of tax problems are better in the US when dealing with the IRS, than they are in Canada when dealing with CRA. Taxpayers, along with their Canadian advisors, should not fear the IRS any more or less than the CRA unless they are intentionally breaking tax rules or are planning to do so. In Chapter 9, I return to this topic as many Canadian advisors create and perpetuate the myth of avoiding the US because of the IRS in order to discourage Canadians from looking at the US as their tax haven.

6.2 The current US economic environment

There has been an overabundance of media hype recently concerning the economic condition of the US with many doomsday scenarios. There is no doubt that some of the concerns and fears expressed are real. What are the long-term effects going to be and should this deter any Canadians from using the US as their desired tropical lifestyle and tax haven?

There are numerous opinions, scenarios, and theories as to what will be the consequences of the US not getting a grip on its ballooning debt and continued government spending. Most logical observers would agree that the US does have to do something relatively soon to deal with these concerns. How the US deals with these concerns is probably where the focus of people’s attention should be. Optimism is hard to find in this negative news media barrage; however, I believe the US will both survive and thrive through this crisis for the following reasons:
• The US remains the largest free economy in the world.

• At the very hint of any crisis anywhere in the world, investors continually rush to the US dollar and US treasuries as the safest place to hold their funds.

• Similar to Canada in the 1990s, the governments of Greece, Italy, and Spain in 2011 came to the realization they must take decisive and painful actions to reduce their debt burden down to manageable levels. I’m sure the US government will come to that point soon if they haven’t already.

• The US has the largest gold reserve of any country in the world and the value of gold has increased over the past decade.

• The US federal government is considered the biggest landlord in the world, controlling billions of dollars of commercial land and properties.

• The US continues to lead the world in innovation creating some of the largest and most successful corporations such as Apple, Google, Facebook, Coca-Cola, McDonald’s, Walmart, IBM, and Boeing.

• The US continues to be the destination of choice for immigrants from around the world, most of whom are very well educated.

• The US has been rated the most charitable country in the world (Charity Aid Foundation’s World Giving Index: December, 2013).

• The latest in oil and gas drilling technology and the new discoveries in the Dakotas have made the US the largest energy producer in the world once more, which means that the US, in a very short time, will no longer need to import oil from the Middle East or other areas of the world other than Canada. This low cost energy source has enabled high consumption of energy type manufacturing to start moving back to the US creating more jobs and reducing the US unemployment rate close to 2007 levels.

• For Canadians moving to the US, the Canada-US Tax Treaty allows them to keep assets in Canada or Canadian securities purchased through US financial institutions without any adverse Canadian income tax consequences.

In short, Canadians looking to the US as their tax haven need not be concerned any more or less than they are with the goings-on with
7. Canada Is a Tax Haven

Believe it or not, Canada is considered a tax haven by some individuals from around the world. An article in Maclean’s (July 2011) titled “The Great White Tax Haven” opened the eyes of Canadians to the possibility that some foreigners consider Canada a legitimate tax haven.

When an individual moves across international borders from one country’s tax jurisdiction to another, creative but legitimate planning can generate many tax-reduction opportunities that would not be available had the person remained in his or her home country without emigration to another. This peculiar paradox prevents Canadians from using Canada as a tax haven and Americans from using the US as a tax haven; Canadians cannot take advantage of the CRA’s tax haven rules by remaining in Canada and, similarly, US citizens cannot take advantage of the US tax haven opportunities Canadians have in moving to the US.

8. An End to the Traditional Tax Haven?

The past decade has seen a worldwide assault on traditional tax havens in an attempt to expose those who are fraudulently hiding money from their legitimate tax regimes in their home country. The main thrust of this attack has been from the G20 (the group of the top 20 free-world countries in terms of economic impact) and the Organisation for Economic Co-operation and Development (OECD). The central focus of the attacks have been on forcing tax havens into information exchange with the pretense of preventing tax havens from being used illegally by citizens of various countries around the world. By allowing people to hide money, the tax havens gain an unfair economic advantage over the industrialized countries that generate the wealth that their respective citizens sometimes feel they must hide secretly in the tax havens.

For example, the G20 has developed a tax-haven blacklist to force tax havens into cooperating with an internationally agreed-upon tax standard. Tax havens that fail to cooperate with these information-sharing standards remain on the tax-haven blacklist and face significant sanctions from the G20.
Because of this pressure from the G20, nearly every major overseas financial center has agreed to the OECD standards since 2008. With the collapse of Lehman Brothers, and with financial markets crashing around the world, governments were forced to bail out stricken financial institutions. With ballooning debts, the governments stepped up the pressure against offshore financial centers and tax evasion. Effectively, there are fewer and fewer countries of consequence in the world for tax evaders to hide. The effect on traditional tax havens is yet to be determined, as all this forced cooperation has happened so quickly and so recently the full effects are difficult to predict.

Individual countries have also used their own legislative processes and economic leveraging to force tax havens to exchange banking information pertaining to its citizens. New US income tax rules, called the Foreign Account Tax Compliance Act (FATCA), require financial institutions around the world to disclose information about US citizens who hold financial accounts at their respective institutions, or the institution will risk withholding taxes of 30 percent on all payments on all outbound income from their US investments held by the particular financial institution refusing to comply. The FATCA requirements have been nearly fully implemented in 2014 and with these rules, many more dual-citizen Canadian residents or US citizens living abroad in other countries will be identified to the US authorities and could face harsh penalties on money they may no longer have. Following right behind the US lead the UK, France, Canada and Germany have also recently introduced new legislation to force their respective citizens and the financial institutions that they deal with worldwide into compliance with the tax rules.

The positive results from all of these worldwide pressures on tax havens is that legitimate cross-border enterprises and individual cross-border migration will happen as it should, using fully legitimate domestic and tax-treaty rules. This is a huge boost for Canadians who are not trying to evade taxes but only trying to legally avoid them through voting with their feet. Even though there are many of these above-noted new rules to follow, the rules in themselves, when followed closely, give a greater sense of security.

Even though I’m not a big fan of more rules, I do like to use rules to assist clients in providing clarity and increased certainty that legitimate cross-border planning and tax-reduction plans can succeed. Fortunately, many of these new rules accomplish that and provide better planning opportunities.