

Canada Revenue Agency

Tax Alert



Where you live matters!

The Canada Revenue Agency (CRA) is warning Canadians to properly indicate their province or territory of residence on their tax returns. The CRA catches and fines people who attempt to evade taxes by filing a tax return claiming to live in one province but who actually reside in another.

It's the law.

The CRA wants you to know that in addition to paying the proper amount of federal taxes, it is your legal responsibility to pay the proper amount of taxes to the provincial/territorial administration where you reside. If you don't, you are participating in inter-provincial tax avoidance. Failure to accurately report your province or territory of residence could result in undesirable consequences including fines and penalties.

How your address affects you.

The CRA collects taxes for individuals in all provinces and territories except Quebec. Services and social programs that you and your family use on a day-to-day basis are directly affected when you don't pay taxes to the proper province or territory.

What you need to consider.

In order to determine which province or territory will receive your tax dollars, we need to know where you resided on December 31. For more information on factors that individuals must consider when determining province/territory of residence for tax purposes, refer to the Interpretation Bulletin, IT-221R3, **Determination of an Individual's Residence Status**.

When you have ties to more than one province or territory, the CRA looks at the province or territory where:

- You maintained a dwelling;
- Your spouse or common-law partner lived; and
- Your dependent children live.

When further clarification is necessary, the CRA looks at the province or territory where:

- You were employed or self-employed;
- You had healthcare coverage;
- Your driver's license was issued and your vehicle was registered; and
- You had your financial services, bank accounts, and RRSPs.

Come to us before we come to you.

If you wish to come forward and correct erroneous information, you can do so through the CRA's Voluntary Disclosures Program. If you make a full disclosure before any compliance action is started, you only have to pay the taxes owing plus interest, but not penalties.

For more information, visit www.cra.gc.ca or call 1-800-959-8281 (toll free).