



# H&R BLOCK

## ARE YOU A LOST U.S. CITIZEN? Tips on getting caught up with the IRS

The Internal Revenue Service (IRS) has stepped up their search for U.S. citizens living outside of the country and not filing their returns. Thousands of “lost” U.S. citizens living in Canada are getting the call from the IRS. Here are some tips on how to get caught up:

- **Dual citizens:** Even if you moved to Canada and became a citizen, unless you go through the formal process of renouncing your U.S. citizenship, you are considered a dual citizen. The IRS still expects you to file.
- **1040 Form:** U.S. citizens and green card holders (even expired ones) are expected to file a 1040 every year once they meet the income threshold requirements.
- **Foreign Tax Credits:** You do receive a foreign tax credit on your U.S. return for income taxes paid Canada. You may also be able to take advantage of some of the U.S. credits and benefits.
- **Canada Pension Plan:** The Canada-U.S. tax treaty exempts CPP and Social Security payments from tax in the U.S. if you live in Canada.
- **Getting caught up:** We recommend filing three years of returns to show there is no tax owing. If you do owe tax, then we recommend six years of filing though the IRS may ask you to go back further.
- **Financial accounts:** The U.S. requires citizens holding more than \$10,000 outside of the U.S. to complete a Foreign Bank Account Report (FBAR) and send it to the U.S. Treasury. This is separate from the tax return and the \$10,000 limit applies to all of your accounts at any time during the year. So if you have more than \$10,000 in a savings account, GIC and RRSP combined, you should be reporting all of the accounts to the Treasury.