

▣ **This is an article from Simon Black's newsletter. Roberto**

If you're shopping around for a tier 1, first world second citizenship, you might find a solution in Canada (unless of course you're a native Canadian).

In my view, Canada offers two key advantages. First, a Canadian passport is an incredibly valuable travel document-- Canadians are generally greeted around the world without stigma or significant visa requirements.

Second, Canada has a very reasonable tax scheme for non-resident citizens who sever their resident ties to the country... usually by selling their home and moving to another country with all family and dependents. In this case, a non-resident Canadian is only subject to taxes on income sourced from within Canada.

As a Canadian citizen, you could live in a place like Panama or the Bahamas and never pay taxes ever again... but still have visa-free travel around the world, including to the European Union and the United States.

Similar to our discussion earlier this week about an Israeli passport, though, there are drawbacks to being Canadian.

First of all, taxes for resident Canadians are a real bear. You can easily pay north of 40% of your income to the government. If you harmonize the wages and cost of living, Canadian marginal tax rates rank much worse than the United States, and slightly more than rates in the UK and Australia.

Second, US citizens should be cognizant that Canada will absolutely be the first country to hop in bed with Uncle Sam. So if you end up on some three letter agency's list in the US, you can be sure that you'll eventually hear about it from the Canadian authorities.

Third, once residence is approved, an applicant must keep both feet planted squarely on Canadian soil for 3 out of 4 years in order to qualify for citizenship. Canadian immigration authorities will literally count the days in your passport. If you travel frequently, or hate cold winters, you'll be out of luck.

## Retiring in Canada

Written by T. Rob Brown (aka Roberto Chocolate)

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For me, it's these last two reasons that I have long rejected the idea of becoming Canadian, but I recognize that it might appeal to others.

So how do you go about doing it?

First you need to establish permanent residency. Assuming that you're not a refugee (which Canada absorbs en masse), there are a few different ways. One approach is for entrepreneurs-- if you're looking to start a business, you may be able to get approved for residency in Canada.

Canadian immigration requires entrepreneurs who can demonstrate successful business experience for at least two years to have a minimum net worth of C\$300,000 in order to qualify. Additionally, you must submit a plan demonstrating the viability of a new business that will hire at least one Canadian full time equivalent.

This process is transparent and well-documented, but it's highly bureaucratic and can take more than a year. Plus, upon approval, you actually have to move to Canada, live in Canada, operate your business in Canada, and pay resident taxes in Canada.

Given the requirements, I think Singapore is a much more attractive option for entrepreneurs who are willing to move.

Self-employed individuals, including artists, performers, writers, and athletes, can also be accepted for residency if they meet basic financial qualifications.

The main problem with this approach is that applicants are scored based on pre-defined selection criteria: education, experience, age, etc. These criteria can change frequently, as well as the minimum score required to pass, so fundamentally an applicant's approval is subject to the immigration officer's opinion.

Furthermore, this approach generally only applies to individuals that can make a significant contribution to cultural activities, not self-employed professionals.

To me, the most attractive way to become a Canadian is as an investor. The government presently has a scheme detailed in section 94 of the Income Tax Act

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that provides a 5-year tax holiday to new residents.

Through this program, an approved applicant must move assets to an offshore trust prior to moving to Canada. Passive income and capital gains from assets within the trust are not subject to Canadian taxation for a 60-month window. During this period, the applicant can also qualify for citizenship.

At the high-end, an individual qualifies by investing C\$400,000 with the government. This amount is returned after 5-years with 0% interest paid. As an alternative, some Canadian banks will invest the C\$400,000 on your behalf as long as you pay them a substantial fee of C\$120,000.

Overall, Canada may be a good option if you:

1) Have substantial assets that you can move into an offshore trust, don't mind paying C\$120,000 for residency, and don't mind staying put in Canada for 3 straight years.

2) You're desperate to leave your home country and want to relocate to an English-speaking, Americanized country; you are willing to live in Canada full time and don't mind paying the high taxes and high cost of living.

Otherwise, I think there are better options out there for you, Singapore, Brazil, Uruguay, and potential ancestry options.