

## ARE YOU A U.S. PERSON?

### IMPORTANT INFORMATION on TFSAs for U.S. PERSONS

TFSA accounts have no special treatment under U.S. domestic tax law or under the Canada-U.S. Income Tax Convention (the Treaty). They do not receive the tax-deferred or tax-free treatment for U.S. purposes that they do in Canada. Therefore, the income generated by these accounts is **taxable** to the contributor.

U.S. persons must report this income on their U.S. tax return, despite the fact that they are not required to on their Canadian tax return. U.S. persons may also be subject to reporting obligations under U.S. law for their TFSAs as a non-U.S. account. You may be subject to penalties for failure to meet these reporting obligations. The IRS may also consider TFSAs to be foreign trusts. Foreign trust returns can be complicated to prepare and the compliance required for these investments can become very costly.

#### Definition of a "U.S." person or citizen from the IRS Website:

##### U.S. Person means:

- A citizen or resident of the United States,
- A partnership created or organized in the United States or under the law of the United States or of any State, or the District of Columbia,
- A corporation created or organized in the United States or under the law of the United States or of any State, or the District of Columbia,
- Any estate or trust other than a foreign estate or foreign trust. (See Internal Revenue Code section 7701(a)(31) for the definition of a foreign estate and a foreign trust.), or
- Any other person that is not a foreign person.

##### U.S. Citizen means:

- An individual born in the United States,
- An individual whose parent is a U.S. citizen,
- A former alien who has been naturalized as a U.S. citizen,
- An individual born in Puerto Rico,
- An individual born in Guam, or
- An individual born in the U.S. Virgin Islands

***Please note: this notice is for information purposes only.  
If you are a U.S. person or have an expired Permanent Resident Card (Green Card),  
please discuss these issues with your tax accountant.***