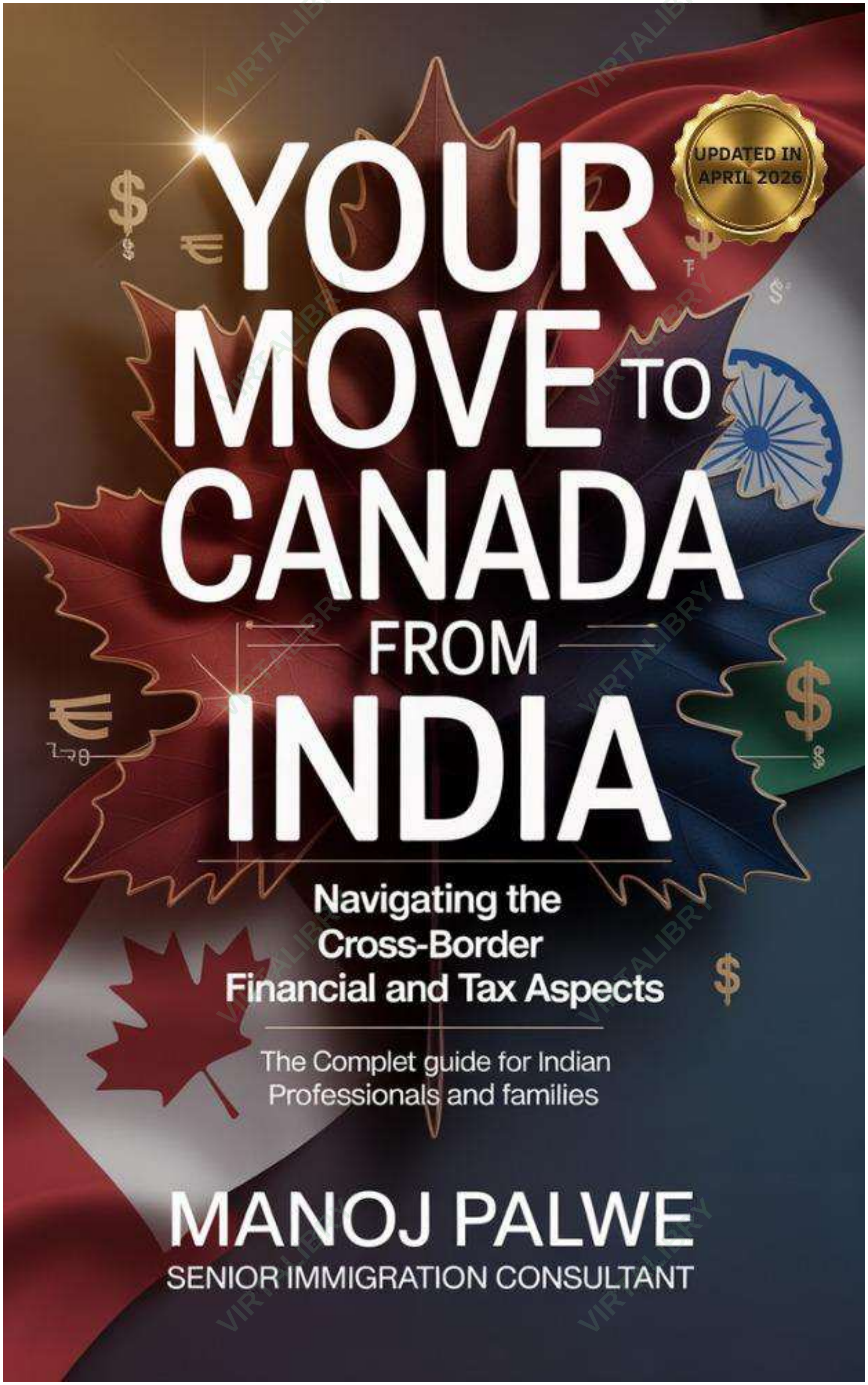
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YOUR MOVE TO CANADA FROM INDIA
Navigating the Cross-Border Financial and Tax Aspects
The Complet guide for Indian Professionals and families
MANOJ PALWE
SENIOR IMMIGRATION CONSULTANT

YOUR MOVE TO CANADA FROM INDIA

Navigating the Cross-Border Financial and Tax Aspects

The Complete Guide for Indian Professionals and Families

Manoj Palwe
RCIC R422575 | CAPIC Fellow R11592 | MIA Examination Qualified
25+ Years Experience | 10,000+ Families Assisted

2026 Edition

ABOUT THE AUTHOR

About the Author

Manoj Palwe is a Regulated Canadian Immigration Consultant (RCIC R422575), CAPIC Fellow R11592, and MIA Examination Qualified. As President of Taurus Infotek. under the Dreamvisas brand — with offices in Toronto, Canada and Pune, India — he has spent over 25 years helping Indian professionals and families navigate the complexities of international migration.

With more than 10,000 families assisted across Canada, Australia, Germany, the United Kingdom, the UAE, and other destinations, Manoj brings a uniquely practical perspective to the financial dimensions of relocation. Having witnessed firsthand the costly surprises that Indian immigrants encounter — from PFIC complications to missed T1135 deadlines — he wrote this guide to give readers the knowledge that every Indian family should have before their move.

Manoj is the author of a growing library of immigration and relocation guides available on Amazon, covering Canada, Australia, Germany, the UK, and other popular destinations for Indian professionals.

He has 20,000+ YouTube subscribers and 600+ LinkedIn recommendations from clients and peers who have benefited from his practical, plain-language approach to immigration consulting.

Why This Book Was Written

Over 25 years of immigration consulting, Manoj has observed a consistent pattern: Indian professionals arrive in Canada fully prepared for the immigration process but almost completely unprepared for the financial and tax transition. They have researched Express Entry scores, settlement services, school options, and neighborhoods. They have not researched T1135, PFIC analogies for Indian mutual funds, or the deemed disposition rules that determine their Canadian cost basis for Indian assets.

The consequences are real and recurring. Clients call months or years after arriving to say: I just found out I should have been reporting my NRE interest. My CA in India says I should have redeemed my mutual funds before moving. I missed T1135 for three years and now I owe penalties.

This book is the guide Manoj wishes every client had read before arriving. It does not replace professional advice — it makes the professional advice sessions more productive by ensuring the client arrives informed, prepared, and asking the right questions.

Credentials and Verification

Manoj Palwe's regulatory credentials can be verified at any time:

- RCIC R422575: Verify at college-ic.ca — the College of Immigration and Citizenship Consultants public registry
- CAPIC Fellow R11592: Canadian Association of Professional Immigration Consultants fellowship
- MIA Examination Qualified: Migration Institute of Australia examination qualification for Australian immigration consulting

Manoj is authorized to practice Canadian immigration consulting by the CICC and to advise on Australian immigration matters based on his MIA examination qualification. This multi-country expertise informs the cross-border perspective throughout this book and his broader catalog of immigration guides.

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This book is educational only. It does not constitute immigration advice, does not create a consultant-client relationship, and does not guarantee any immigration outcome. Immigration laws change frequently; verify with official sources. Purchasing this book does not establish a professional relationship between author and reader. For advice on your situation, consult an RCIC licensed by the CICC or a qualified immigration lawyer.

Note: Tax laws are complex and change frequently. Always consult a qualified tax professional (CPA or CA) for your specific situation. Nothing in this book constitutes tax advice.

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INTRODUCTION

The Financial Blind Spot in Your Canada Immigration Plan

Every year, over 100,000 Indians make the move to Canada. They spend months — sometimes years — preparing their immigration application. They research Express Entry scores, Provincial Nominee Programs, and settlement services. They compare cities, schools, and neighborhoods. They learn about Canadian winters.

And then they land, and they discover the financial blindside.

Nobody told them about PFIC rules that could turn their Indian mutual funds into a tax nightmare. Nobody explained the deemed disposition rules in India that can trigger capital gains tax the day they become Canadian residents. Nobody warned them about T1135 — the foreign asset reporting form with penalties starting at $2,500 per missed filing.

Nobody explained what happens to their NRE account, their EPF balance, their LIC policies, their flat in Pune, or the shares their father gifted them in the family business.

THE REAL COST

A professional in our community missed the PFIC filing requirement for Indian mutual funds for just two years. By the time a CPA caught it, the catch-up compliance cost exceeded $8,000 — not including taxes owed. The mutual fund itself had grown by only $3,000. This book exists so you do not make that mistake.

Who This Book Is For

This guide is written specifically for Indian-origin professionals, families, and entrepreneurs who are moving to Canada or have recently moved. Whether you are on a work permit building toward PR, a new permanent resident, or a Canadian citizen with deep financial ties to India — this book will help you navigate the intersection of two complex tax systems.

You do not need to be a financial expert to understand this book. The explanations are written in plain language. Where technical terms are unavoidable, they are explained clearly. Real-world examples from the India-Canada corridor are used throughout.

What This Book Will Not Do

This book will not give you tax advice for your specific situation. Every person's financial picture is different. A CA in India and a CPA in Canada — ideally working together — must be involved in your actual decisions. What this book will do is ensure you arrive at those professional conversations informed, so you ask the right questions and are not starting from zero.

How to Use This Book

The six parts mirror the chronological journey of an Indian immigrant: before you land, the arrival year, managing ongoing cross-border finances, understanding Canadian financial systems, handling complex scenarios, and ensuring compliance. You can read straight through or jump to the section most relevant to your current stage.

The action items at the end of each chapter give you concrete next steps. The tables and checklists throughout are designed for quick reference.

The India-Canada financial journey is complex. But it is navigable. Let us begin.

PART ONE: BEFORE YOU LAND

WHAT YOU WILL ACHIEVE IN PART ONE
1. Understand exactly when you become a Canadian tax resident and what that means for Indian taxes. 2. Know how the India-Canada Tax Treaty (DTAA) protects you from paying full tax to both countries. 3. Complete the asset inventory and valuation exercise that protects your Canadian cost basis. 4. Set up NRE, NRO, and FCNR accounts correctly before departure. 5. Know which Indian accounts to close, convert, or maintain.

Chapter 1: Understanding Your Tax Residency Status

Before any financial planning can happen, you need to understand the single most important concept in cross-border finance: tax residency. Your tax residency status determines which country has the right to tax your income, and when.

Critically, tax residency is different from immigration status. You can be a Canadian permanent resident for immigration purposes but still be considered an Indian tax resident for the first partial year. Conversely, you can be a foreign national on a work permit in Canada and be considered a Canadian tax resident from day one.

Canadian Tax Residency — The Residential Ties Test

Canada uses a residential ties test to determine tax residency. The CRA (Canada Revenue Agency) looks at your connections to Canada — called residential ties — and makes a determination based on their strength and quantity.

Significant Residential Ties

The CRA considers three factors to be significant:

- A home in Canada (owned or rented, available for your use)
- A spouse or common-law partner in Canada
- Dependants in Canada (typically children)

If you have one or more of these, you are almost certainly a Canadian tax resident from the date you establish them.

Secondary Residential Ties

The CRA also considers secondary ties, which on their own may not establish residency but collectively can:

- Canadian driver's licence
- Canadian bank accounts
- Canadian provincial health insurance card
- Canadian credit cards or club memberships
- Canadian professional memberships
- Social ties in Canada (active participation in community organizations)

For most Indians moving to Canada with their family, the question is not whether they become Canadian tax residents — they do, from the date of arrival or the date they establish their first significant tie. The question is exactly when, because it matters for reporting and for what income gets included in your first return.

Indian Tax Residency — The FEMA and Income Tax Act Rules

India uses a different test, based primarily on physical presence. Under India's Income Tax Act, you are a tax resident of India in a financial year (April–March) if:

- You are present in India for 182 days or more in that financial year, OR
- You are present in India for 60 days or more in that year AND 365 days or more in the preceding 4 years

There is an important exception for Indian citizens/PIOs who visit India: the 60-day threshold changes to 182 days. This is highly relevant — if you visit India after moving to Canada, it is harder for India to re-establish you as a resident.

RNOR Status — The Beneficial Transition Period

India created a special category called Resident but Not Ordinarily Resident (RNOR) for people who have recently become non-residents. If you qualify as RNOR, India taxes only your Indian-sourced income — not your foreign income. This is a powerful transitional protection.

You qualify for RNOR if:

- You have been a non-resident in 9 out of the 10 preceding years, OR
- You have been in India for 729 days or less in the preceding 7 financial years

KEY INSIGHT

Most Indians who move to Canada will not qualify for RNOR protection immediately — they typically have many years of Indian residency before departing. However, after 2 years of being abroad (if you had been non-resident for 9 of 10 prior years), RNOR status can apply when you visit. For most recent movers, you become a Non-Resident Indian (NRI) once you have been outside India for over 182 days in a financial year.

The Dual Residency Problem

Here is a scenario that catches many people off guard: You leave India in October 2025 and arrive in Canada. For the Indian financial year (April 2025 to March 2026), you were present in India from April through September — roughly 180 days. You just barely miss the 182-day threshold, meaning India may consider you a resident for that entire financial year.

Meanwhile, Canada considers you a resident from October 2025 onwards.

For a brief period, both countries could claim you as a resident. This is a dual residency situation, and it is resolved by the India-Canada Tax Treaty (DTAA), which we cover in Chapter 2.

When Does Canadian Tax Residency Begin?

Under current CRA administrative practice, Canadian tax residency is considered to begin on the earlier of:

1. The date you enter Canada to live there (if you intend to reside)
2. The date you establish significant residential ties to Canada

For most Indians arriving on a work permit with their family, this is the date your plane lands. For someone scouting Canada while leaving their family in India, the date might be later — when the family arrives, or when you obtain a Canadian lease.

Scenario	Residency Start
Situation	Likely Tax Residency Start Date
Arriving with spouse and children	Date of arrival
Arriving alone, family following later	Earlier of arrival or family's arrival
Arriving on LMIA work permit alone	Date of arrival (significant tie = work)
Arriving as PR (alone)	Date of landing
Student visa only (no family)	May depend on strength of ties
Cross-border worker (living in US)	Not applicable — separate rules

The Importance of Getting This Right

Getting your tax residency start date wrong has real consequences. If you claim a later date, you may underpay Canadian taxes and face reassessment and interest. If you claim an earlier date, you may have unnecessarily included income that belonged to your Indian-resident period.

Keep records: your first airline ticket to Canada, your first lease, your first utility connection. These documents establish your timeline.

Action Items — Chapter 1

3. Write down the exact date you first established ties to Canada (arrival date, lease date, or family arrival date — whichever is earliest).
4. Review your India presence for the financial year you departed. Count the days. Determine whether India considered you a resident for that year.
5. If you have a dual-residency year, note it — the DTAA tiebreaker rules in Chapter 2 will apply.
6. Consult a CPA before filing your first Canadian return to confirm your residency start date.

IF YOU ARE IN A HURRY — CHAPTER 1

1. Write down the exact date you first established a home, job, or family in Canada. That is your residency start date. 2. Count your India presence days for the departure financial year to determine if India also claims you as a resident. 3. Do not file your first Canadian return without a CPA who understands cross-border India-Canada taxation.

Chapter 2: The India-Canada Tax Treaty (DTAA) — What You Must Know

India and Canada have signed a Double Taxation Avoidance Agreement (DTAA) — formally known as the Convention Between Canada and India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion. This treaty is your primary legal protection against paying tax on the same income to both countries.

Most Indians moving to Canada have heard of the DTAA. Very few actually understand how it works. This chapter explains the treaty in practical terms — what it protects you from, how to claim its benefits, and where its limitations lie.

What the DTAA Does

The DTAA does three primary things:

7. Allocates taxing rights — It establishes which country has the right to tax different types of income.
8. Limits withholding taxes — It caps the tax that one country can withhold when you receive income from there.
9. Provides tiebreaker rules — It resolves dual residency by determining which country you are a resident of for treaty purposes.

The Tiebreaker Rules — Dual Residency Resolution

When both India and Canada claim you as a resident, the DTAA applies a hierarchy of tiebreaker tests:

Step	Test	Outcome
Step	Test	Determination
1	Permanent home	Resident of the country where you have a permanent home available
2	Centre of vital interests	If homes in both, resident of country with closer personal and economic ties
3	Habitual abode	If vital interests unclear, resident of country where you habitually reside
4	Nationality	If habitual abode unclear, resident of the country of which you are a national (citizen)
5	Mutual agreement	If still unclear, competent authorities of both countries decide

For most Indians who have moved to Canada with their families: Step 1 resolves it. You have a home in Canada (rented or owned) and you have terminated your regular home in India. Canada wins the tiebreaker, and you are a Canadian tax resident for treaty purposes.

If you still own a home in India and maintain a home in Canada, you move to Step 2 — and this is where it gets complicated. If your family is in Canada, your children go to school in Canada, your employment is in Canada — your centre of vital interests is Canada. India loses the tiebreaker.

Income Categories and How the Treaty Treats Them

Employment Income

Employment income is generally taxed only in the country where you perform the work. If you work in Canada, Canada taxes your salary. India does not. However, if you work remotely for an Indian employer while living in Canada, your employment income is taxable in Canada because the work is performed there.

Business Income

Business profits are taxable in your country of residence, unless you carry on business through a Permanent Establishment (PE) in the other country. If your Indian business has no fixed place of business in Canada, India can tax the business profits. If you personally operate the business from Canada, the income may be taxable in Canada regardless.

Dividends

Under the DTAA, dividends paid by an Indian company to a Canadian resident are:

- Taxable in Canada (your country of residence)
- Subject to a maximum 25% withholding tax by India at source
- Eligible for a foreign tax credit in Canada for the Indian tax withheld

This means you do not pay double tax — Canada gives you credit for what India withheld. But you still pay the difference if Canada's marginal rate exceeds 25%.

Interest Income

Interest income (from Indian bank accounts, FDs, etc.) is taxable in Canada as your worldwide income. India may also withhold tax — typically 15% for NRIs under the treaty. Canada credits this. You report the gross interest in Canada and claim the foreign tax credit.

Rental Income from Indian Property

Rental income from property in India may be taxed by India at source. As a Canadian resident, you must also report this income in Canada and claim the foreign tax credit. The DTAA prevents double taxation — but both countries have reporting rights.

Capital Gains on Indian Assets

This is one of the most practically important areas. Under the India-Canada DTAA, capital gains from immovable property (land, buildings) may under Article 13 of the DTAA be taxed in the country where the property is situated — meaning India retains taxing rights on Indian real estate regardless of your Canadian residency. Capital gains from shares are under Article 13(5) of the DTAA generally taxable only in the country of residence — which after your move is Canada.

However, India imposes a 20% withholding on capital gains for NRIs even on shares. You claim credit in Canada. The key nuance: Canada uses cost basis (what you paid), while India uses indexed cost for some calculations. The two systems produce different numbers for the same sale.

IMPORTANT
The DTAA does not eliminate Indian taxes on income you earn from Indian sources. It prevents you from paying both the full Indian tax AND the full Canadian tax. You will typically pay whichever country's rate is higher, with a credit for the lower. Plan accordingly.

How to Claim Treaty Benefits in Canada

On your Canadian tax return (T1), you claim foreign tax credits on Schedule T2209 (federal) and the equivalent provincial form. You report the foreign income, the foreign tax withheld, and the credit is calculated automatically.

For treaty-based positions (such as claiming exemption on certain income), you may need to file Form T1287 (Application for Income Tax Convention Benefits) or a treaty position disclosure.

How to Claim Treaty Benefits in India

As an NRI, when you receive income from India, you file a declaration of treaty residency (Form 10F) with the Indian payer to obtain reduced TDS (Tax Deducted at Source) rates. You will also need a Tax Residency Certificate (TRC) from the Canadian tax authorities — essentially a CRA confirmation that you are a Canadian resident. This is filed with the Indian entity paying you to claim treaty-reduced withholding.

Document	Purpose
Document	Purpose
Form 10F (India)	Declaration to claim DTAA benefit with Indian payer

Document	Purpose
Tax Residency Certificate (Canada)	Proof of Canadian residency for Indian payers
Form T2209 (Canada)	Foreign Tax Credit schedule on Canadian T1 return
Schedule T1135 (Canada)	Disclosure of foreign property over $100,000
Form 15CA/15CB (India)	Required for remittances from India above threshold

Worked Examples — DTAA in Practice

Example 1: NRO Fixed Deposit Interest

Situation: You hold an NRO FD in India that earns Rs. 1,00,000 interest in the year. You have provided Form 10F and a Tax Residency Certificate to your bank. Exchange rate: Rs. 61 per CAD.

Step	Amount
Step	Calculation
Gross interest (INR)	Rs. 1,00,000
Indian TDS at 15% (DTAA rate with Form 10F)	Rs. 15,000 deducted at source
Net received in NRO account	Rs. 85,000
CAD equivalent of gross interest	Rs. 1,00,000 / 61 = $1,639 CAD
Canadian marginal tax rate (assume 43%)	$1,639 x 43% = $705 Canadian tax
Foreign tax credit (Indian TDS in CAD)	Rs. 15,000 / 61 = $246 CAD credit
Net Canadian tax after credit	$705 - $246 = $459 CAD
Total tax paid (India + Canada net)	$246 + $459 = $705 CAD (same as 43% of $1,639)
Key insight	You pay the Canadian rate overall; India only took its share first

Note: Under current CRA administrative practice, the foreign tax credit cannot exceed the Canadian tax attributable to that specific income. If the Indian TDS rate (15%) exceeds the Canadian marginal rate (unlikely), the excess Indian tax is not refundable in Canada. Discuss your specific situation with your CPA.

Example 2: Sale of Indian Listed Shares After Moving to Canada

Situation: You bought Infosys shares at Rs. 500/share in 2018. When you became a Canadian resident in October 2025, they were worth Rs. 1,800/share (your Canadian step-up basis). You sell in March 2027 at Rs. 2,100/share. Holdings: 1,000 shares.

Item	India Treatment
Calculation	India (ITR)
Original cost (per share)	Rs. 500
Sale price (per share)	Rs. 2,100
Capital gain (per share)	Rs. 1,600
Total capital gain (1,000 shares)	Rs. 16,00,000
Tax rate	10% LTCG above Rs. 1L
Indian LTCG tax approx.	Rs. 1,50,000 (Rs. 16L - Rs. 1L threshold = Rs. 15L @ 10%)
CAD equivalent of Indian tax	Rs. 1,50,000 / 62 = ~$2,419 CAD
Canadian capital gain (CAD)	N/A
Canadian inclusion (50%)	N/A
Canadian tax at 43% marginal	N/A
Foreign tax credit in Canada	N/A
Net Canadian tax after credit	N/A
Total tax (India + Canada)	~$2,419 CAD (India only)

Key insight: Because the Canadian step-up limits the Canadian gain to Rs. 3,00,000 (post-arrival appreciation only), and the Indian tax on the full Rs. 16,00,000 gain is already substantial, the foreign tax credit often fully offsets or nearly offsets the Canadian tax on shares sold soon after arrival. Over time, as post-arrival gains accumulate, both countries will each have a share. Discuss your specific shares and timing with your CPA and CA before any large sale.

Action Items — Chapter 2

10. Obtain a Tax Residency Certificate from CRA once you file your first Canadian return. You will need it for Indian payers.
11. Identify all Indian income sources (dividends, interest, rent, business) and understand the applicable DTAA withholding rates.

12. Keep all TDS certificates from India (Form 16A for TDS on interest/rent) — these are your proof of foreign tax paid for Canadian credit claims.
13. If you have a dual-residency year, trace through the tiebreaker test and document which country you are a resident of for treaty purposes.

IF YOU ARE IN A HURRY — CHAPTER 2

1. Get a Tax Residency Certificate from CRA after your first T1 filing — give it to all Indian payers with Form 10F to get the 15% treaty TDS rate. 2. Collect Form 16A from every Indian bank each year — it is proof of Indian tax paid that you need for Canadian foreign tax credit claims. 3. Remember: DTAA prevents double-taxation, but you will pay the higher of the two countries rates on most income.

Chapter 3: Preparing Your Indian Finances Before You Move

The months before you board that plane to Canada are arguably the most important from a financial planning perspective. Decisions you make before departure can save you tens of thousands of dollars — and mistakes made before departure can haunt you for years.

This chapter covers the key financial preparation steps you should take while you are still an Indian resident.

The Asset Inventory Exercise

Begin by creating a comprehensive inventory of every financial asset you own in India. This list will drive every decision in this chapter and every chapter that follows. Your inventory should include:

Category	Items to Document
Asset Category	Items to List
Bank accounts	All savings, current, salary accounts with balance as of date
Fixed deposits	Bank, post office, company FDs with maturity dates
Mutual funds	Each scheme, folios, NAV, units held
Stocks and shares	Each holding, broker account, quantity, purchase price
Real estate	Each property, purchase date, purchase price, current value, title details
Insurance / LIC	Each policy, sum assured, surrender value, loan outstanding
Provident fund	EPF UAN balance, PPF account balance
NPS account	PRAN number, tier 1 and tier 2 balances
Gratuity	Employer confirmation of amount (if not received)
Jewelry / valuables	Approximate declared value
Loans outstanding	Home loan, personal loan, credit card — balances
Business interests	Company shares, partnership, proprietorship

Establish the Cost Basis for All Capital Assets

Canada will treat the fair market value of your assets on the date you become a Canadian tax resident as your Canadian cost basis. This is sometimes called the "deemed acquisition" — Canada deems you to have acquired your foreign assets at their market value when you became a resident.

Why does this matter? If you bought shares in India 10 years ago for Rs. 1 lakh and they are worth Rs. 10 lakh when you arrive in Canada, your Canadian cost basis is Rs. 10 lakh (converted to CAD at the exchange rate on that date). If you later sell them for Rs. 12 lakh, Canada only taxes you on the Rs. 2 lakh gain — not the full Rs. 11 lakh gain over the original cost.

To protect this step-up, you need documentation of fair market value on your date of becoming a Canadian resident. Get this before you leave.

How to Document Fair Market Value

- Shares: Print the NSE/BSE closing price on your last India residency date for every listed holding
- Mutual funds: Print the NAV statement showing units and NAV on that date
- Real estate: Get a registered valuer's report (Government-approved valuer) for every property
- Unlisted shares: Get a Chartered Accountant's certificate of fair market value
- FDs and bank balances: Bank statement showing balance on that date

DO THIS BEFORE YOU LAND
Once you are in Canada, it becomes difficult and expensive to get these valuations retroactively. A registered valuer's report for an Indian property, completed after you have left the country, may require an in-person appointment or a power of attorney. Do this work before departure.

Dealing with Outstanding Loans in India

Loans in India do not disappear when you move. You need a plan for every outstanding loan.

Home Loan (Mortgage)

You have three options for an outstanding home loan in India: continue paying (EMI) from your NRO account; sell the property and prepay the loan; or rent the property and use rental income to service the loan. Each has different tax implications in both countries. If you continue the loan, ensure the EMI auto-debit works from an NRO account and that interest certificates are collected annually for Indian tax purposes.

Personal Loans and Credit Cards

Clear these before departure if at all possible. Outstanding credit card balances attract high interest and become difficult to service from abroad. Personal loans can continue to be paid from NRO accounts but complicate your financial picture needlessly.

What to Do with Your Indian Salary Account

Once you stop being a resident, your regular savings account legally should be converted to a Non-Resident Ordinary (NRO) account or closed. You cannot continue operating a regular resident savings account as an NRI. Failure to convert is technically a FEMA violation.

Inform your bank of your change of residency and request the conversion before you leave, or as soon as you arrive in Canada and know your residency start date.

The LIC and Insurance Policy Question

Indian LIC and other insurance policies are subject to FEMA restrictions for NRIs. You can generally continue paying premiums from your NRO account. However, the maturity proceeds, if paid to an NRO account, are subject to TDS and will be non-repatriable (cannot be sent to Canada without going through a formal repatriation process).

For large LIC policies approaching maturity, consider the timing: it may be better to collect maturity proceeds before you become an NRI, while you are still a resident and the proceeds flow freely.

Nomination and Joint Holdings

Review all nominations across your bank accounts, mutual funds, insurance policies, and demat accounts. Ensure they are up to date. Consider whether nominations or joint holding arrangements need to change given your new life in Canada.

Action Items — Chapter 3

14. Create a complete asset inventory with values as of today.
15. Get registered valuer reports for all real estate.
16. Print NAV statements and stock price records for your date of departure.
17. Clear credit card dues and personal loans if possible.
18. Initiate the conversion of your salary account to NRO with your bank.
19. Review all nominations and update where needed.
20. Collect all LIC and insurance policy documents including surrender values.

Chapter 4: NRE, NRO, and FCNR Accounts — The Complete Guide

If there is one area of India-Canada financial management where confusion is universal, it is NRI banking. NRE, NRO, and FCNR accounts: what they are, which you need, and how they work together form the foundation of your ongoing India financial management as a Canadian resident.

The Three NRI Account Types

NRE — Non-Resident External Account

An NRE account holds money you have earned abroad and brought into India in foreign currency. It is converted to rupees at the time of deposit.

Feature	Detail
Feature	Detail
Currency	Indian Rupees (foreign currency converted on deposit)
Source of funds	Foreign earnings remitted from abroad
Repatriability	Fully repatriable — principal and interest can be sent back to Canada anytime
Tax on interest in India	Completely exempt from Indian income tax
Tax in Canada	Interest is taxable in Canada as foreign income
Joint holding	Only with another NRI
Suitable for	Remittances to family in India; parking foreign earnings

NRO — Non-Resident Ordinary Account

An NRO account holds money earned in India: salary, rent from Indian property, dividends, pension, etc.

Feature	Detail
Feature	Detail
Currency	Indian Rupees

Feature	Detail
Source of funds	Income earned in India (rent, dividends, interest, salary, proceeds from sale of assets)
Repatriability	Restricted — up to USD 1 million per financial year, with documentation
Tax on interest in India	Taxable in India; TDS at 30% for NRIs
Tax in Canada	Interest is taxable in Canada; TDS credit available
Joint holding	Can be with a resident Indian
Suitable for	Receiving Indian income; paying Indian expenses (EMI, bills, insurance)

FCNR — Foreign Currency Non-Resident Account

An FCNR account is a term deposit (fixed deposit) held in foreign currency — meaning it is denominated in Canadian dollars, US dollars, GBP, Euro, etc., and the exchange rate risk is eliminated.

Feature	Detail
Feature	Detail
Currency	Foreign currency (CAD, USD, GBP, EUR, JPY, AUD)
Account type	Fixed term deposit only (not a savings account)
Tenor	1 year to 5 years
Repatriability	Fully repatriable (principal + interest)
Tax on interest in India	Exempt from Indian income tax
Tax in Canada	Interest is taxable in Canada
Source of funds	Foreign currency remittances only
Suitable for	Parking CAD in India without rupee risk; higher interest than Canadian deposits

The NRE vs. NRO Decision: When to Use Each

A very common mistake is depositing Indian income (rent, dividends) into an NRE account. This is a FEMA violation. Indian-source income must go to an NRO account only. Here is the rule:

THE GOLDEN RULE
Money earned in India → NRO Account. Money earned in Canada (or abroad) and sent to India → NRE Account. Never mix the two. The FEMA and RBI rules on this are strict, and violations can complicate your ability to repatriate funds later.

How to Open NRI Accounts

You can open NRI accounts before you leave India (when you already know you are departing) or after arrival in Canada through your Indian bank's NRI service centre or their international partners. Most major Indian banks — SBI, HDFC, ICICI, Axis, Kotak — have NRI banking portals and allow account opening online with video KYC.

Documents typically needed: Indian passport copy, Canadian address proof (lease/utility bill), Canadian visa/PR card, recent photograph, and a declaration of NRI status.

Converting Your Existing Accounts

Your existing Indian savings account must be converted to NRO upon becoming an NRI. You cannot simply continue using your resident savings account. The bank will re-designate the account as NRO and apply the new rules (TDS on interest, repatriation restrictions). Simultaneously, you can open a new NRE account for future foreign remittances.

NRI Banking and Canadian Taxes

Canada taxes your worldwide income. This means:

- Interest earned on your NRE account (even though India does not tax it) IS taxable in Canada
- Interest earned on your NRO account is taxable in Canada, and you get credit for the TDS India deducted
- Interest on FCNR accounts is taxable in Canada

Many Indians are surprised that NRE interest is taxable in Canada. India's exemption does not apply in Canada — it only means you did not pay Indian tax on it. Canada does not recognize India's exemption.

Action Items — Chapter 4

21. Contact your Indian bank(s) to initiate NRO conversion of existing savings accounts.
22. Open an NRE account (if you plan to send money to India from Canada).
23. Consider an FCNR term deposit for any large amounts you want to keep in India without rupee risk.

24. Note all TDS deducted on NRO interest — collect Form 16A from your bank each year for Canadian tax credit purposes.
25. Ensure all Indian-source income is routed to NRO only, not NRE.

Chapter 5: Closing, Freezing, or Maintaining Indian Bank Accounts

Now that you understand the NRI account framework, you need to make a practical decision: what do you do with every bank account you currently hold in India?

The answer is not the same for every account. Your strategy depends on what income you have in India, what expenses you need to meet there, and how long you plan to maintain strong financial ties to India.

The Account Audit

List every bank account you hold:

- Salary account (with current employer — close upon resignation/departure)
- Primary savings account (convert to NRO)
- Secondary savings accounts (close or consolidate to NRO)
- Current account (if self-employed — convert or close depending on whether business continues)
- Joint accounts (with spouse — both parties must be NRIs to maintain NRE; convert NRO if joint with resident)

The Consolidation Imperative

Managing multiple NRI accounts from Canada is operationally challenging. You will receive annual TDS certificates, statements, and notices at each institution. Aim to consolidate to one primary NRO account and one NRE account (plus FCNR if needed). More is manageable — but unnecessary.

Operating NRI Accounts from Canada

Once you are in Canada, day-to-day management of your Indian accounts happens through:

- Internet banking (most major banks have robust NRI internet banking)
- SWIFT wire transfers from Canada to India (NRE or NRO as appropriate)
- Third-party remittance services (Wise, Remitly, Instarem — for sending CAD to India at competitive rates)
- Standing instructions for recurring expenses (LIC premiums, loan EMIs, SIP continuations)

POWER OF ATTORNEY
Consider executing a Power of Attorney in favor of a trusted family member in India. This allows them to operate your NRO account, handle property-related transactions, renew FDs, deal with banks in person, and handle other financial matters that require physical presence. A PoA can be executed at the Indian Consulate in Canada.

Maintaining Indian FDs as an NRI

Existing rupee FDs at the time of your NRI status change can be held to maturity. On renewal, they become NRO FDs if funded from Indian-source income. Interest will be subject to TDS at 30% (reduced to 15% for Canadians under the DTAA if you provide the required documentation including Form 10F and TRC).

Accounts You Should Close

Close accounts that serve no ongoing purpose. Dormant accounts attract maintenance charges, invite fraud (phishing, fraudulent transactions), and create reporting obligations (T1135 in Canada requires disclosure of foreign accounts above $100,000 CAD equivalent). Every unnecessary account is a compliance burden.

Specifically: salary account from your employer (usually auto-closed on separation), duplicate savings accounts, any small balance accounts that serve no specific function.

Repatriation from NRO — The USD 1 Million Rule

Each financial year, you can repatriate up to USD 1 million from your NRO account to Canada (for legitimate purposes — sale of property, rental income, etc.). To repatriate, you need:

26. Form 15CA — Your self-declaration (filed online on the Income Tax portal)
27. Form 15CB — Certificate from a Chartered Accountant confirming taxes have been paid
28. Bank's own repatriation request form
29. Supporting documentation (sale deed if from property sale, rental agreements if from rent, etc.)

The bank deducts applicable TDS before remitting. The net amount arrives in your Canadian account as a wire transfer in CAD or USD.

Action Items — Chapter 5

30. List all Indian bank accounts and decide: convert to NRO, keep as NRE (if appropriate), or close.
31. Set up internet banking for your primary NRO and NRE accounts.

32. Execute a Power of Attorney for a trusted family member in India if you have ongoing property, financial, or legal matters.
33. Set up auto-debit standing instructions for any recurring payments from NRO (LIC, EMI, etc.).
34. Understand the Form 15CA/15CB process before your first large repatriation — get a CA's help for this.

PART TWO: THE ARRIVAL YEAR

WHAT YOU WILL ACHIEVE IN PART TWO

1. Confirm your exact Canadian residency start date and its implications. 2. Understand the deemed acquisition step-up that reduces your Canadian capital gains on Indian assets. 3. File T1135 correctly in your first Canadian return. 4. Report your Indian income and claim foreign tax credits in Canada. 5. Get your SIN, Canadian bank account, and credit card sorted within Week 1.

Chapter 6: Becoming a Canadian Tax Resident — The Arrival Rules

Your first year as a Canadian tax resident is like no other. You were an Indian tax resident for part of the year and a Canadian tax resident for the rest. Canada calls this a part-year residency situation, and it has specific rules that are different from a full year of residency.

The Arrival Return

You file a T1 Income Tax and Benefit Return for the year of your arrival. On this return, you:

- Report worldwide income only from the date you became a Canadian resident (not the full year)
- Are entitled to most credits and deductions on a prorated basis
- Must disclose all foreign property you held when you became a resident if it exceeded $100,000 CAD

Pre-Arrival Income

Income earned before your Canadian residency start date is not taxable in Canada, even if you receive it after you arrive. For example, if you receive your annual performance bonus in January for work done before October (your arrival date), the portion attributable to pre-arrival work is not taxable in Canada.

Documenting the pre-arrival vs. post-arrival allocation can require a letter from your employer breaking down the earnings period.

The Deemed Acquisition — Your Canadian Cost Basis

This is one of the most beneficial rules for immigrants and one of the least publicized. When you become a Canadian tax resident, Under section 128.1 of the Income Tax Act, you are deemed to have acquired all your foreign property at its fair market value on the date you became a Canadian resident. This is sometimes called the immigrant step-up in cost basis.

This step-up in cost basis means Canada only taxes gains that accrue after your arrival — not the gains that built up over your entire life in India. This is the legal basis for the valuation exercise described in Chapter 3.

EXAMPLE: THE POWER OF THE STEP-UP
You bought HDFC Bank shares for Rs. 200 per share in 2015. They are worth Rs. 1,600 when you arrive in Canada in October 2025. Your Canadian cost basis is Rs. 1,600 (converted to CAD). If you sell at Rs. 1,900 in 2027, Canada taxes you only on Rs. 300 per share of gain — not Rs. 1,700. India may also tax the gain as NRI capital gains, with credit in Canada.

The T1135 — Foreign Asset Reporting in Your First Year

Form T1135 (Foreign Income Verification Statement) must be filed if the total cost of all your foreign property exceeds CAD 100,000 at any time in the year. This is a reporting requirement — not a tax — but the penalties for missing it are severe.

What Must Be Reported on T1135

- Foreign bank accounts (NRE, NRO, FCNR — if total value exceeds threshold)
- Shares of foreign corporations (Indian stocks, mutual funds held directly as units)
- Foreign real estate (if not your principal residence or a rental business properly reported)
- Foreign bonds or debentures
- Interests in foreign trusts or partnerships

What Is Exempt

- Foreign property used exclusively in an active business
- Shares in a foreign affiliate
- Personal use property (your own home that you live in while in India — though if you keep it after moving, it may need reporting)

Note: Indian mutual funds, if you hold them through a foreign brokerage account, count as foreign property. Even though they are not shares in a foreign corporation technically, the CRA takes the position that they must be reported.

Penalties for Late or Missing T1135

Violation	Penalty
Violation	Penalty
Filed late but within 24 months	$25/day, min $100, max $2,500
Filed late — more than 24 months	$500/day, min $1,000, max $24,000 + 5% of property value
False or misleading information	Up to $24,000 + 5% of property value
Criminal non-compliance	Prosecution possible

The Departure Tax in India — A Brief Preview

Simultaneously, when you become an NRI, India treats your change of residency as a deemed disposal for some assets. This is covered in detail in Chapter 7, but understand the conceptual link: India taxes the gain up to your departure date; Canada picks up the gain after arrival. The step-up in Canada prevents double taxation on the same appreciation.

Your First Canadian Banking Priority

Upon arrival, open a Canadian bank account within the first week. You cannot receive your first paycheck, pay rent, or access government services without one. All major Canadian banks offer newcomer packages with reduced or waived fees for the first year:

- RBC Newcomer Advantage
- TD New to Canada Banking Package
- CIBC Welcome to Canada Banking Bundle
- BMO NewStart Program
- Scotiabank StartRight Program

These packages also often include a credit card (which begins building your Canadian credit history) and sometimes a complimentary safety deposit box.

Action Items — Chapter 6

35. Confirm your residency start date with documentation (first day of work, lease date, family arrival — whichever is earliest).
36. Open a Canadian bank account within the first week of arrival.
37. Apply for a Social Insurance Number (SIN) — you need it for employment and tax filings.

38. Begin compiling T1135 data: list all foreign property and convert values to CAD at the arrival-date exchange rate.
39. Retain the valuation documentation for all Indian assets.

IF YOU ARE IN A HURRY — CHAPTER 6

1. Open a Canadian bank account in Week 1 — everything else depends on it. 2. Apply for SIN at Service Canada in Week 1. 3. T1135 is mandatory if your Indian assets exceed $100,000 CAD — file it with your first T1 return or face $2,500+ in penalties.

Chapter 7: Departure Tax and Deemed Disposition in India

When you leave India and become an NRI, India does not simply say goodbye. There are specific tax consequences triggered by your change of residency — and missing them can lead to unexpected tax demands years later when you try to sell Indian assets as an NRI.

What Is Departure Tax in India?

India's Income Tax Act does not have an explicit "departure tax" by that name — unlike Canada, which uses that term explicitly. But India achieves a similar result through its rules on the taxation of NRIs. Specifically, India taxes capital gains realized by NRIs at higher rates and with different rules than residents.

The critical issue is not a one-time departure tax bill but rather the ongoing treatment of any gains that built up during your years as an Indian resident. India's position is that it has taxing rights over income earned while you were a resident and over capital assets situated in India indefinitely.

What Changes When You Become an NRI

Tax Rates on Capital Gains

Asset Type	NRI Rate
Asset Type	NRI Tax Rate (India)
Listed equity shares — short term (<12 months)	15% + surcharge + cess
Listed equity shares — long term (>12 months)	10% on gains above Rs. 1 lakh
Equity mutual funds — short term	15% + surcharge + cess
Equity mutual funds — long term	10% above Rs. 1 lakh
Debt mutual funds	20% with indexation (long term) or slab rate (short term)
Real estate — short term (<24 months)	Slab rate (no indexation benefit for NRIs on some cases)
Real estate — long term (>24 months)	20% with indexation
Unlisted shares — long term	10% without indexation for NRIs

TDS — Tax Deducted at Source

This is where NRIs face a major practical pain point. When you sell assets in India as an NRI, the buyer or transaction counterparty is required to deduct TDS at source before paying you. For real estate sales by NRIs, buyers must deduct 20% TDS on the entire sale value (not just the gain). This is a cash flow problem — you may have to wait for a refund after filing your Indian return.

You can apply for a lower TDS deduction certificate (Form 13) from the Indian Income Tax Officer if you can show your actual capital gain is significantly lower than 20% of the sale price. This requires advance planning.

The Link Between Indian Departure and Canadian Arrival

Here is how the two countries' rules interact:

40. You were an Indian resident from 2010–2025 and owned shares.
41. In October 2025 you become a Canadian resident. Canada gives you a step-up: cost basis = market value October 2025.
42. In 2027 you sell the shares. India taxes the gain from your original purchase price (or indexed cost). Canada taxes only the gain from the October 2025 step-up value.
43. You have a Canadian tax on a small amount; you have an Indian tax on a larger amount. The DTAA credit applies.

The key insight: the more your Indian assets have appreciated before you became a Canadian resident, the more India taxes and the less Canada taxes. The step-up protects the Canada side — but the India side is unaffected by your Canadian move.

What About Indian Gratuity and PF?

Provident Fund (EPF, PPF) and gratuity are treated specially under Indian tax law. EPF withdrawals after 5 years of continuous service are exempt in India. If you withdraw your EPF after leaving for Canada, the exemption still applies (5-year rule satisfied). The amount you receive, however, is taxable in Canada as foreign income in the year you receive it.

PPF is slightly different — withdrawals from PPF after maturity (15 years) are exempt in India. Canada will tax this if received while you are a Canadian resident. There is a planning opportunity here: if your PPF is near maturity, consider timing the withdrawal to minimize Canadian tax.

Action Items — Chapter 7

44. Review all capital asset holdings in India and understand the date of purchase and approximate cost basis for Indian tax purposes.

45. If you anticipate selling Indian real estate as an NRI, consult an Indian CA about the Form 13 (Lower TDS) application before the sale.
46. Note your EPF and PPF balances and planned withdrawal timing — factor Canadian tax into your decision.
47. Ensure you file Indian income tax returns as an NRI (if income exceeds the taxable threshold) — NRI ITRs are mandatory for certain income levels and for claiming refunds.

Chapter 8: Carrying Your Indian Assets Into Canada

This chapter provides a systematic asset-by-asset guide for how each type of Indian financial asset is treated when you become a Canadian resident. Think of it as your "what happens to this" reference.

Indian Bank Accounts (NRO/NRE/FCNR)

These are foreign property for Canadian purposes. The balances are not income — they are capital. You do not pay tax on the balances themselves when you arrive. However, interest earned after your arrival is taxable in Canada annually. Report all accounts on T1135 if the total exceeds $100,000 CAD.

Indian Fixed Deposits

FDs are foreign property. Interest accrued after your Canadian residency start date is Canadian income. Interest accrued before is not (it was earned as an Indian resident). If your FD crosses from the pre-arrival to post-arrival period, you may need to prorate the interest. Collect Form 16A from your bank for TDS certificate.

Indian Mutual Funds — The PFIC Problem

This deserves its own chapter (Chapter 12) but the introduction is here: Indian mutual funds are classified as Passive Foreign Investment Companies (PFICs) for US tax purposes, and while Canada does not have an identical PFIC regime, the treatment is still complex. India's fund structures do not align with Canadian tax reporting requirements for foreign investment funds.

The practical consequence: holding Indian mutual funds as a Canadian resident creates annual tax reporting complexity, potential mark-to-market income inclusion, and potential penalties for non-compliance. Many Canadians choose to redeem Indian mutual funds before or shortly after establishing Canadian residency to avoid this.

Indian Stocks (Listed Shares)

Listed Indian shares are foreign property. They receive the step-up cost basis at your arrival date. Capital gains thereafter are taxable in Canada (and India withholds TDS as well). Dividends from Indian companies are foreign income taxable in Canada, with credit for Indian TDS.

Indian Real Estate

Real estate in India is foreign property reportable on T1135 (but the land and building itself may be exempt if it is used exclusively in a business). If you retain a property in India:

- Rental income is taxable in Canada annually
- Capital gains on eventual sale are taxable in Canada (from the arrival-date step-up)
- India also has taxing rights on rental income and gains from Indian property
- DTAA prevents double taxation but both countries have reporting requirements

LIC and Insurance Policies

The cash surrender value of a LIC policy is foreign property reportable on T1135. The pure protection element (term insurance) is not a financial asset. For investment-linked insurance (endowment, money-back, ULIPs), the policy value is foreign property.

Upon maturity and receipt of proceeds while a Canadian resident, the proceeds are taxable in Canada as income (the growth component). India exempts many LIC maturity proceeds under Section 10(10D) — Canada does not recognize this exemption.

EPF, PPF, and NPS

These retirement accounts pose an interesting question: are they foreign pension plans? The CRA's position is complex. EPF and PPF are not registered pension plans for Canadian purposes. Canada does not have a bilateral social security agreement with India that would shelter these accounts. Under current CRA administrative practice — which has not been codified in a specific ruling on Indian retirement accounts — different advisors take different reasonable positions.

EPF (Employee Provident Fund) has characteristics of an employer-employee social security arrangement, which some advisors argue warrants deferral of income until withdrawal. PPF (Public Provident Fund) and NPS Tier 2 are more clearly voluntary savings plans, making annual income accrual the stronger position.

The two main approaches and their trade-offs:

Factor	Conservative Approach
Factor	Conservative (Annual Accrual)
What it means	Report EPF/PPF interest as Canadian income each year, even without withdrawal
Pro	Lower audit risk; aligns with TFSA/GIC treatment of foreign savings
Con	Annual tax on income you cannot access
Best suited for	PPF and NPS Tier 2 (clearly voluntary savings)
Critical rule	Document the approach, disclose it consistently on every T1, and never switch without CPA guidance

Under all approaches, EPF/PPF/NPS balances above $100,000 CAD equivalent must be disclosed on T1135. Discuss the correct approach with your CPA before your first T1 filing and document your rationale in writing.

Indian Business Interests

If you hold shares in an Indian private company, a partnership interest, or operate a proprietorship in India, these are foreign property. The business income from active operations is generally taxed in India first (and only in Canada if you receive dividends or wind up).

Action Items — Chapter 8

48. Go through the asset inventory from Chapter 3 and apply the categorization from this chapter to each item.
49. Flag Indian mutual fund holdings for priority attention — decide before or shortly after arrival whether to redeem them.
50. Ensure EPF/PPF/NPS accounts are on your T1135 radar — seek professional advice on annual income recognition.
51. For Indian real estate retained after your move, set up a system for tracking rental income (in INR) and converting to CAD at the year-average exchange rate for Canadian reporting.

Chapter 9: The First Canadian Tax Return — What to Report

Filing your first Canadian tax return is a milestone — and a minefield if you are not prepared. This chapter walks you through what your T1 return will look like in the year of arrival, with specific attention to the India-Canada cross-border elements.

The Structure of Your Arrival Year Return

Income Section

You report:

52. Canadian employment income earned after your arrival (T4 slip from your Canadian employer)
53. Any Indian employment income earned after your arrival date (if you worked both in India and Canada during the year)
54. Interest income from Canadian bank accounts (T5 slips from bank)
55. Interest income from Indian accounts (NRO, NRE, FDs) earned after your arrival — converted to CAD
56. Rental income from Indian property (prorated for post-arrival period) — converted to CAD
57. Any dividends from Indian shares received after arrival — converted to CAD

Foreign Tax Credits

On Schedule T2209, you claim credits for foreign taxes paid (Indian TDS) on income included in your Canadian return. The credit reduces your Canadian tax by the amount of Indian tax you already paid. You cannot claim a credit exceeding the Canadian tax attributable to that income.

Informational Disclosures

- T1135 — Foreign Income Verification Statement (if foreign property > $100,000 CAD)
- T1161 — List of Properties by an Emigrant or Deemed Resident (this applies when leaving Canada, but also has an arrival analog — the cost base records you must keep)

Exchange Rate — Which Rate to Use?

The CRA accepts the Bank of Canada average annual exchange rate for converting foreign income. For large transactions (property sales, large remittances), you should use the Bank of Canada rate on the specific date of the transaction. The Bank of Canada publishes historical exchange rates on its website — save these for your records.

Income Type	Exchange Rate
Income Type	Exchange Rate to Use
Salary, regular monthly income	Annual average rate for the year
Sale of property (specific date)	Bank of Canada rate on the transaction date
FD interest (accrued over period)	Average rate for the interest period
Indian dividends (specific payment date)	Rate on payment date
Year-end account balances (T1135)	Rate on December 31 of the year

Common Mistakes in the First Canadian Return

AVOID THESE ERRORS

1. Including pre-arrival income in the Canadian return — you only report worldwide income from your residency start date. 2. Forgetting NRE account interest — it is not taxable in India but is taxable in Canada. 3. Missing T1135 — the most commonly missed form with the harshest penalties. 4. Not claiming the foreign tax credit — every rupee of TDS you paid in India can reduce your Canadian tax bill. 5. Using the wrong exchange rate — use Bank of Canada rates, not your bank's transaction rate.

Free Tax Filing Resources for Newcomers

If your income situation is relatively simple (employment income, a few foreign accounts), you can file using free tax software: Wealthsimple Tax, TurboTax Free Edition, UFile Free Edition. These handle T1135 in the paid versions.

For your first return as an immigrant with significant Indian assets, a professional CPA with international tax experience is strongly recommended. The cost ($300–$800 for a return of this complexity) is far less than the cost of errors.

Action Items — Chapter 9

58. Gather all income documents: Canadian T4 (employment), T5 (interest/dividends), and Indian income equivalents.
59. Collect all TDS certificates from India: Form 16A (for interest/rent TDS), Form 16 (for employment TDS if applicable).
60. Download the Bank of Canada exchange rate for your arrival date and save it.
61. Complete a preliminary T1135 — list all foreign property and their CAD value at year-end.
62. File by April 30 of the following year (or June 15 if self-employed, though taxes are due April 30).

Chapter 10: SIN, ITIN, and Your Cross-Border Identity

Your administrative identity in Canada begins with your Social Insurance Number (SIN). This chapter covers the identification numbers you need in both countries and how to manage your identity as a cross-border person.

The Social Insurance Number (SIN) — Canada

Your SIN is a 9-digit number that is your key to everything in Canada: employment, banking, tax returns, government benefits (CPP, EI, OAS in the future), and investment accounts (RRSP, TFSA, RESP).

Apply at any Service Canada location, typically within the first week of arrival. For permanent residents, you receive a permanent SIN. For temporary residents (work permit holders), you may receive a SIN beginning with 9 (expires with your work permit) — update it when you receive PR.

The PAN Card — India

Your Indian PAN (Permanent Account Number) remains valid and relevant as an NRI. You need your PAN to:

- File Indian income tax returns
- Operate NRO and NRE bank accounts
- Execute property transactions in India
- Invest in Indian markets
- Claim TDS refunds

If you do not have a PAN and have taxable income in India as an NRI, obtain one. Applications can be made through the NSDL/Protean website with an online application and attestation.

Aadhaar and NRIs

Many Indians have Aadhaar cards. As an NRI, you can retain your Aadhaar but are not required to link it to Indian financial accounts the same way residents are. Aadhaar-PAN linking is mandatory for certain resident transactions but NRI exemptions exist — however, these rules change frequently. Check the current UIDAI and Income Tax India guidelines.

Canadian Tax Number

Your SIN doubles as your Canadian tax number on the T1 return. Unlike the US (which has a separate Tax Identification Number), Canada uses the SIN for tax purposes.

US ITIN — Relevant for Some

If you have US income, hold US accounts, or have sold US property, you may need an Individual Taxpayer Identification Number (ITIN) from the IRS. This is separate from Canadian obligations and is covered briefly here for completeness — if you have US ties, consult a US-Canada cross-border tax specialist (a different specialty from India-Canada).

The Importance of Consistent Identity

Ensure your name is consistent across your Canadian and Indian documents. Minor variations ("Rajesh" vs. "R." vs. "RAJESH") can cause problems in cross-border transactions, property transfers, and banking. If there is a discrepancy, address it proactively — with a notarized affidavit explaining the variation — before it causes a transaction to be blocked.

Action Items — Chapter 10

63. Apply for your SIN within the first week of arrival in Canada.
64. Locate your PAN card and ensure it is valid and the registered address is updated to your NRI address or a family member's Indian address.
65. Ensure your name is spelled identically on passport, PAN, Canadian SIN, and bank accounts where possible.
66. Keep a copy of your SIN in a secure location — do not carry the physical card.

PART THREE: MANAGING ONGOING CROSS-BORDER FINANCES

WHAT YOU WILL ACHIEVE IN PART THREE

1. Optimise remittance costs sending money between Canada and India. 2. Understand why Indian mutual funds must be redeemed and act on it. 3. Track and report Indian stocks, dividends, and capital gains correctly. 4. Set up the right structure for Indian rental income and property sales. 5. Make informed decisions on EPF, PPF, NPS, and FD management as an NRI.

Chapter 11: Sending Money to and from India — Remittance Rules

Once you are established in Canada, money will flow in both directions: you will send money to support family in India, and you may receive money from India (rental income, sale proceeds, inheritances). Understanding the rules, costs, and tax implications of these flows is essential.

Sending Money From Canada to India

Canada has no restrictions on how much money a Canadian resident can send abroad. You are free to remit any amount from Canada to India. However:

- Your bank may require documentation for large transfers (anti-money laundering compliance)
- In India, the recipient pays no tax on gifts received from abroad (if from a close relative)
- Money entering India in a foreign currency remittance into an NRE account is freely repatriable back to Canada later

Remittance Options and Costs

Method	Cost	Speed
Method	Typical Cost	Speed
Bank wire transfer (SWIFT)	0.5%–2% FX spread + $15–$45 fee	2–3 business days
Wise (TransferWise)	0.5%–0.8% transparent fee	1–2 business days
Remitly	0–1% fee, variable FX rate	Same day to 3 days
Western Union / MoneyGram	1%–3%	Minutes to hours

Method	Cost	Speed
XE Money Transfer	Low FX spread, no transfer fee	1–3 business days
Instarem	0.3%–0.8%	1–2 business days

On remittances of $10,000 CAD or more, your Canadian bank will file a Large Transaction Report with FINTRAC (Financial Transactions and Reports Analysis Centre of Canada). This is automatic and does not require any action from you — it is simply a regulatory reporting requirement.

Receiving Money From India — The Repatriation Process

Bringing money from India to Canada requires more paperwork than sending money out. India restricts outflows — each Indian resident can send up to USD 250,000 abroad per financial year under the Liberalized Remittance Scheme (LRS). For NRIs repatriating their own funds from NRO accounts, the limit is USD 1 million per year with proper documentation.

Receiving Rental Income or Sale Proceeds

- Money from NRE account: freely repatriable, no documentation needed
- Money from NRO account: up to USD 1 million/year with Form 15CA/15CB
- Property sale proceeds: additional documentation (sale deed, TDS certificate, NOC from Income Tax where applicable)

Tax Implications of Remittances in Canada

A remittance from India to Canada is not itself a taxable event — you are moving capital, not earning income. The underlying income (rent, gains, interest, etc.) should already have been declared in your Canadian return in the year it was earned. The bank transfer itself does not create a new tax obligation.

However: if you are receiving a gift from a parent or relative in India, ensure it is genuinely a gift and not disguised business income or a loan with attached conditions. The CRA has broad powers to investigate unusual large foreign inflows.

DOCUMENTATION TIP

For any large inflow from India (over $10,000 CAD equivalent), keep documentation of the source: bank transfer confirmations, Form 15CA/15CB copies, bank statements showing the origin of funds. If the CRA ever questions the source of foreign funds in your bank account, these documents will resolve the matter quickly.

Action Items — Chapter 11

67. Compare remittance services (Wise, Instarem, bank wire) for your typical transfer amounts — even a 0.5% difference matters on $10,000.
68. Set up recurring remittance automations for regular family support payments.
69. Ensure you have Form 15CA/15CB ready before any large NRO repatriation.
70. Keep a log of all foreign inflows with source documentation.

Chapter 12: Indian Mutual Funds and PFIC — The Expensive Mistake

Of all the cross-border financial complexities for Indians in Canada, Indian mutual funds are the most dangerous. The combination of Canadian tax rules and India's fund structure creates a reporting burden that can cost more than the fund earns. This chapter explains the problem and your options.

What Makes Indian Mutual Funds Complicated in Canada

PFIC (Passive Foreign Investment Company) is a US tax concept — it is the US Internal Revenue Service framework for punishing Americans who hold foreign investment funds. Canada does not have an identical PFIC regime.

However, Canada has its own analogous rules: the Foreign Investment Entity (FIE) rules and the Offshore Investment Fund Property (OIFP) rules under Part I of the Income Tax Act (sections 94.1 to 94.4). Under current CRA administrative practice, Indian mutual funds fall within these provisions because:

- They are foreign-based investment arrangements
- The principal purpose is to earn investment income
- They are not organized and operated in substantially the same manner as a Canadian mutual fund trust

The practical result under the FIE/OIFP framework is similar to the US PFIC pain: Indian mutual funds must either:

- Have their income included annually on a mark-to-market basis (Fair Market Value method), OR
- Be included using the Accrual Exempt Amount (AEA) method, which effectively requires annual income inclusion regardless of whether you sold any units

In plain terms: even if you did not sell any units and received no distribution, you may owe Canadian tax on the theoretical gain in your Indian mutual fund.

The Practical Cost

Imagine holding an Indian equity fund worth $20,000 CAD. It grows 12% in a year — a gain of $2,400. You pay Canadian income tax on $2,400 even though you received no cash. At a 33% marginal rate, that is $792 of tax on income you did not receive. Meanwhile, the cost basis of your fund units has now increased by $2,400, so when you eventually sell, you are not double-taxed on that growth.

The issue is not just the tax itself — it is the annual reporting complexity. Each fund, each folio, requires separate calculations. Indian fund houses do not provide the tax reporting statements required for Canadian purposes. You need a CPA to calculate it manually.

The Recommended Action: Redeem Before or Shortly After Arrival

The near-universal advice from India-Canada tax specialists: redeem your Indian mutual fund holdings before you become a Canadian resident, or very shortly after (before the first Canadian tax year-end).

If you redeem while still a non-resident of Canada: India taxes the capital gains, and Canada has no stake because you were not yet a resident.

If you redeem after becoming a Canadian resident: Canada taxes the gain from your step-up cost basis (small if funds have not grown since your arrival). India taxes the gain from original cost.

Either scenario is far cleaner than holding Indian mutual funds for years as a Canadian resident.

IF YOU CANNOT REDEEM IMMEDIATELY

Some mutual funds have exit loads for early redemption, or you may have a strategic reason to hold for a specific period. In that case, document your NAV on the date of Canadian residency, report annually using the AEA method, and redeem at the first strategic opportunity. Keep detailed records — you will need them for your CPA.

Annual Mark-to-Market Example — Why This Matters

Illustration: You hold an Indian equity fund in two consecutive Canadian tax years.

Item	Year 1
Item	Year 1
Fund value at year start	$20,000 CAD
Fund value at year end	$22,400 CAD
Mark-to-market gain/(loss) for the year	$2,400 gain
Canadian income inclusion	$2,400 included in income
Canadian tax at 43% marginal rate	$1,032 tax due
Cash received from fund	$0 — no redemption
Net cash impact	Pay $1,032 from other income

Notice: In Year 1 you owe $1,032 in real cash tax on income you never received. This is the core problem. A fund that earns nothing and simply fluctuates in value still generates an annual tax cash-flow burden. Multiply this across 3–5 funds held over 5 years and the administrative cost alone (CPA time to calculate per-fund AEA) can exceed $3,000–$5,000 per year.

The Re-Deployment Question

After redeeming Indian mutual funds, where do you put the money? Options:

- RRSP — tax-deferred growth in Canada; reduces current-year Canadian taxes
- TFSA — tax-free growth in Canada; flexibility for withdrawals
- Canadian equity index funds (e.g., through Questrade or Wealthsimple) — no complex reporting
- ETFs listed on Canadian or US exchanges — clean, transparent tax reporting

Action Items — Chapter 12

71. List every Indian mutual fund holding (scheme, folio, units, current NAV, purchase date).
72. Calculate the exit load cost for early redemption.
73. If still an Indian resident or just arrived: strongly consider redeeming all Indian mutual funds.
74. If you have held Indian mutual funds for one or more Canadian tax years without reporting: consult a CPA immediately about the voluntary disclosure program (Chapter 27).

IF YOU ARE IN A HURRY — CHAPTER 12

1. Redeem ALL Indian mutual funds before or within 3 months of becoming a Canadian resident — this single action saves thousands in annual reporting cost. 2. Indian mutual funds trigger annual mark-to-market income in Canada even without selling a single unit. 3. Deploy the proceeds in Canadian registered accounts (RRSP/TFSA) — clean, no complex reporting.

Chapter 13: Indian Stocks, Shares, and Capital Gains Across Borders

Indian listed equities are a cleaner situation than mutual funds — but they still require careful management. This chapter covers the tax treatment of Indian shares in your Canadian life.

The Step-Up and Ongoing Treatment

As discussed in Chapter 6, your Indian shares get a step-up cost basis equal to their market value when you became a Canadian resident. Your NSE/BSE print from that date is your Canadian cost basis documentation.

After arrival:

- Dividends received from Indian companies are Canadian foreign income (report annually)
- Capital gains from selling Indian shares are Canadian capital gains (report in year of sale)
- India will also tax dividends (TDS currently 20% for NRIs) and certain capital gains (TDS on non-equity assets)

Indian Dividend Taxation — Post-2020 Change

India eliminated the Dividend Distribution Tax (DDT) in 2020 and moved to a dividend withholding model. Since then, dividends paid to NRIs are subject to 20% TDS in India (reduced to 15% for Canadian residents who claim DTAA benefit using Form 10F).

In Canada, you report the gross dividend (before Indian TDS) and claim the 15% TDS as a foreign tax credit on Schedule T2209.

Capital Gains — The Dual Reporting

When you sell Indian shares, you must:

75. Calculate and report capital gains in Canada — using your Canadian step-up cost basis, converted to CAD
76. File an Indian ITR if applicable — reporting the same gain using original Indian cost (or indexed cost for long-term assets)
77. Pay Indian TDS if withheld by the broker at source
78. Claim credit in Canada for Indian TDS paid

Practical Example: Selling TCS Shares

You hold 200 shares of TCS. Purchase price in 2018: Rs. 1,800/share. Value when you became Canadian resident (October 2025): Rs. 4,200/share. You sell in March 2027: Rs. 4,800/share.

Item	Calculation
Item	Calculation
Canadian cost basis	Rs. 4,200 x 200 = Rs. 8,40,000 @ Oct 2025 rate
Sale proceeds	Rs. 4,800 x 200 = Rs. 9,60,000 @ March 2027 rate
Canadian capital gain	Rs. 1,20,000 (converted to CAD at sale-date rate)
Indian capital gain (for India ITR)	Rs. 4,800 - Rs. 1,800 = Rs. 3,000/share x 200 = Rs. 6,00,000
Indian LTCG tax (10% above Rs. 1L)	Rs. 50,000 approx
Credit in Canada for Indian LTCG paid	INR 50,000 converted to CAD — credited against Canadian CGT

Demat Account Management From Canada

Your Indian demat account remains active as an NRI. You can continue to hold, buy, and sell shares in India through NRI-authorized brokers (HDFC Securities, ICICI Direct, Zerodha with NRI account, etc.). Trading in Indian markets as an NRI requires an NRI-designated trading account linked to your NRO account (for repatriable) or NRE account (for fully repatriable).

Action Items — Chapter 13

79. Print the NSE/BSE closing price for every Indian stock holding as of your Canadian residency start date — this is your Canadian cost basis.
80. Ensure your Indian broker account is converted to an NRI trading account.
81. Set up a process to track dividends received and TDS certificates (Form 16A) from Indian companies.
82. For any future sale of Indian shares, calculate both the Canadian and Indian capital gains — you will report both.

Chapter 14: Indian Real Estate — Renting, Selling, and Reporting

Real estate is often the largest single asset in an Indian family's portfolio. Managing it from Canada — whether keeping it as a rental, eventually selling it, or gifting it to family — involves a web of Indian and Canadian tax rules.

Renting Out Your Indian Property

If you retain your Indian property and rent it out, you are in a dual-country rental income situation:

In India

Rental income is taxable in India under the head "Income from House Property." As an NRI:

- The tenant must deduct TDS at 30% on the rent paid to you
- Standard deduction of 30% of net rental income is allowed
- Municipal taxes paid are deductible
- Interest on home loan is deductible against rental income (if applicable)

NRI landlords often suffer a cash flow issue: TDS at 30% on gross rent, even though actual taxable income (after deductions) may attract a much lower effective rate. You reclaim the excess TDS by filing an Indian income tax return.

In Canada

You report the rental income in Canada as foreign rental income. You convert INR to CAD at the year-average exchange rate. You deduct Canadian-equivalent expenses (property taxes, management fees, repairs) proportionally. The net Indian rental income is added to your Canadian income.

You claim a foreign tax credit for Indian TDS paid on the same rental income.

Selling Indian Real Estate as an NRI

Selling Indian property as an NRI is operationally complex. Here is the step-by-step:

83. Engage a power of attorney holder in India (usually a family member) or fly back for the transaction
84. The buyer must deduct TDS at 20% of the sale price (not the gain — the entire sale price) before paying you
85. If TDS is excessive relative to actual gains, apply in advance for a Lower TDS Certificate (Form 13) from the Assessing Officer in India
86. Execute the sale deed, pay stamp duty, and register the sale

87. Proceeds flow to your NRO account
88. To repatriate to Canada: File Form 15CA/15CB; bank processes SWIFT transfer
89. Report the capital gain in your Indian ITR for that year
90. Report the capital gain in your Canadian T1 return using your Canadian step-up cost basis

THE REPATRIATION DELAY
Many Indians who sell property in India are surprised by how long repatriation takes. Between TDS deduction, Form 15CA/15CB processing, bank approvals, and SWIFT transfer time, expect 4–8 weeks minimum from sale completion to funds arriving in your Canadian account. Plan your liquidity accordingly.

Reinvestment Exemptions in India (Section 54 and 54EC)

India allows capital gains tax exemptions if you reinvest the proceeds:

- Section 54: Reinvest in another residential property in India within 2 years (purchase) or 3 years (construction)
- Section 54EC: Invest gains (up to Rs. 50 lakh) in specified bonds (NHAI, REC) within 6 months

As an NRI, you can claim these exemptions. However, reinvesting in Indian property while you live in Canada may not be the optimal financial decision — run the full analysis including Canadian tax implications of future Indian rental income.

Reporting Indian Real Estate on T1135

Your Indian real estate is foreign property. It should be reported on T1135 once the Canadian-dollar equivalent value exceeds $100,000 CAD (or contributes to exceeding that threshold across all foreign property combined). Report the original cost of acquisition (converted to CAD at the rate when you acquired it or when you became a Canadian resident, whichever is later) and the property type.

Action Items — Chapter 14

91. Decide: will you rent or sell your Indian property (if you own one)?
92. If renting: instruct tenants to deduct TDS and provide Form 16A; set up NRO account to receive rent.
93. If selling: engage an Indian CA early in the process for Form 13 application and TDS planning.
94. Report Indian property on T1135.
95. Report Indian rental income in Canada annually.

Chapter 15: Provident Fund, Gratuity, and Pension Income

For Indian professionals moving to Canada mid-career, accumulated retirement benefits represent a significant asset. The EPF corpus, PPF savings, NPS accumulations, and gratuity amounts can total several lakhs to crores for experienced professionals. Getting the withdrawal and tax strategy right matters enormously.

EPF — Employee Provident Fund

Your EPF contributions are tax-deferred in India. The question of when to withdraw depends on several factors:

Option 1: Withdraw Before Leaving India

If you withdraw EPF while still an Indian resident and after 5 years of continuous service, the withdrawal is completely exempt from Indian income tax. However, if you then receive it as a Canadian resident (deposited to bank account after your arrival), you may need to report it as Canadian income.

Best practice: withdraw EPF before your Canadian residency start date. Ensure funds are in your Indian bank account while you are still a non-resident of Canada.

Option 2: Leave EPF in the Account

You can leave your EPF balance in the EPFO account even as an NRI. It continues to earn interest (currently 8.15% p.a.). The interest is now taxable in India for NRIs. When you eventually withdraw, the accumulated balance above a certain threshold may be taxable in India.

As a Canadian resident holding EPF, the annual interest accrual is technically Canadian income. Most advisors recommend withdrawing EPF sooner rather than later to simplify reporting.

PPF — Public Provident Fund

PPF is a 15-year instrument. You cannot partially withdraw PPF until after 7 years, and premature closure requires penalty. If your PPF is mid-term:

- You can continue contributing (up to Rs. 1.5 lakh/year) from your NRO account
- Interest continues to accrue (currently 7.1% p.a.)
- At maturity, the entire amount (principal + interest) is exempt from Indian tax under current rules

In Canada, annual PPF interest is taxable. The maturity proceeds (when received as a Canadian resident) are not taxable as the cost basis has been stepped up. If you received the

PPF after becoming a Canadian resident and the interest has been reported annually, the maturity itself is not a new taxable event.

NPS — National Pension System

NPS is designed as a long-term retirement vehicle in India. As an NRI:

- You can continue NPS contributions from your NRO account
- At age 60, 60% of the NPS corpus can be withdrawn tax-free in India; 40% must be annuitized
- The annuity income from NPS is taxable in India; as a Canadian resident, it is also reportable in Canada with DTAA credit for Indian TDS

Gratuity

Gratuity received at the end of employment is exempt from Indian tax up to specified limits (currently up to Rs. 20 lakh for private sector). For amounts within the exempt limit received before becoming a Canadian resident, there is no Canadian tax implication.

If you receive gratuity after becoming a Canadian resident, even if exempt in India, you must evaluate whether it is taxable in Canada. Canada generally taxes any employment-related receipt that relates to post-arrival service.

Asset	Strategy
Retirement Asset	Recommended Action
EPF — after 5 years service	Withdraw before becoming Canadian resident
EPF — before 5 years service	Consider transferring to new employer or leaving; partial TDS on withdrawal
PPF — mid-term	Continue; report annual interest in Canada; collect at maturity
PPF — at maturity	Withdraw and deploy in Canadian accounts
NPS	Continue if returns are strong; plan annuity strategy for age 60
Gratuity	Receive before leaving; if received after arrival, report in Canada

Action Items — Chapter 15

96. Check your EPF UAN balance and eligibility for withdrawal (5-year service check).
97. If eligible, initiate EPF withdrawal before your Canadian residency start date.
98. Note your PPF account status and maturity date — plan withdrawal timing.

99. Review your NPS PRAN and decide on continuation vs. early exit options.
100. Obtain gratuity payment before departure if possible.

Chapter 16: Fixed Deposits and Indian Bank Interest Income

Indian Fixed Deposits are among the most popular savings instruments for Indian families. For Canadians with Indian roots, understanding how FD interest is taxed across both countries is a practical necessity — most NRIs have at least some FDs in India.

How Indian FDs Are Taxed

In India

Interest income from NRO FDs is taxable in India at the applicable income tax rates. TDS is deducted at 30% for NRIs (not the resident rate of 10%). For Canadians who provide Form 10F and a Tax Residency Certificate, the DTAA rate of 15% applies.

Interest from NRE FDs is exempt from Indian income tax (a significant benefit of the NRE structure).

In Canada

All FD interest — from both NRE and NRO accounts — is taxable in Canada. The Indian tax exemption for NRE interest does not carry over to Canada. You report gross interest on your Canadian return and claim a credit for any Indian TDS paid on NRO interest.

The Annual Reporting Discipline

FD interest must be reported annually in Canada, not just when the FD matures. Even for FDs where interest is not paid out annually (cumulative FDs), Canada taxes the interest on an accrual basis as it is earned each year.

This means you report a portion of the FD interest every year, and when the FD matures and you receive the lump sum, the bulk of it is a return of principal (already included in income) with little or no additional taxable amount.

Managing FD Interest Reporting

Your Indian bank's Form 16A (TDS certificate) and annual interest statement are your key documents. Ensure you receive these every year:

- NRO FD: Form 16A shows TDS deducted — this is your foreign tax credit proof
- NRE FD: The bank statement shows interest credited — you report this without any TDS credit
- FCNR FD: Interest credited in foreign currency — report in Canadian income at the Bank of Canada exchange rate

The Renewal Decision

When an NRO FD matures, you face a decision: renew or repatriate. The factors:

- Current Indian FD rates vs. Canadian savings account / GIC / bond rates
- Expected INR/CAD exchange rate movement — if the rupee is expected to weaken, Canadian instrument returns may be more attractive
- Complexity of annual reporting vs. convenience of having a single Canadian account
- Whether funds are needed in India for ongoing expenses (EMI, family support) — in which case keeping in NRO makes sense

Action Items — Chapter 16

101. Obtain Form 16A from every bank that deducted TDS on your NRO interest.
102. List all FDs (NRE, NRO, FCNR) with maturity dates and whether interest is paid out annually or cumulative.
103. For cumulative FDs, calculate annual accrual amounts and report them even before maturity.
104. At FD maturity, evaluate renewal vs. repatriation using the framework above.

PART FOUR: CANADIAN FINANCIAL SYSTEMS

WHAT YOU WILL ACHIEVE IN PART FOUR
1. Maximise RRSP, TFSA, FHSA, and RESP from your first year in Canada. 2. Set up the right Canadian banking structure for a newcomer. 3. Build your Canadian credit score from zero in 12-18 months. 4. Plan your first Canadian home purchase with the right financial preparation.

Chapter 17: RRSP, TFSA, and RESP — Maximizing Canadian Registered Accounts

Canadian registered accounts are one of the most powerful financial tools available to you in Canada. As someone building wealth from scratch in a new country, using these accounts strategically can dramatically reduce your lifetime tax burden.

RRSP — Registered Retirement Savings Plan

The RRSP is Canada's primary tax-advantaged retirement account. Contributions are tax-deductible (they reduce your taxable income in the year of contribution), and growth inside the account is tax-deferred. You pay tax only when you withdraw — ideally in retirement when your income is lower.

Key RRSP Facts

Feature	Details
RRSP Feature	Details
Contribution limit	18% of prior year earned income, max $31,560 (2024)
Contribution room	Accumulates from age 18; unused room carries forward indefinitely
Deadline	60 days after December 31 (typically March 1 of following year)
Over-contribution penalty	1%/month on excess above $2,000 lifetime buffer
Spousal RRSP	Contribute to spouse's RRSP; useful for income-splitting in retirement

Feature	Details
HBP — Home Buyers' Plan	Withdraw up to $35,000 tax-free for first home (repay within 15 years)
LLP — Lifelong Learning Plan	Withdraw up to $20,000 for full-time education (repay within 10 years)
RRSP to RRIF conversion	Mandatory by December 31 of the year you turn 71

Important India-Canada interaction: RRSP deductions reduce your Canadian taxable income and therefore reduce Canadian tax on Indian-source income included in your Canadian return (NRE interest, NRO dividends, rental income, etc.). However, RRSP contributions do not reduce Indian TDS — India still deducts tax at source regardless of your Canadian RRSP position. The practical implication: an RRSP contribution in a year when you have received a large Indian income (property sale proceeds, EPF withdrawal, LIC maturity) can significantly reduce your Canadian tax bill on that income. Timing your RRSP contributions to coincide with high Indian-income years is a legitimate and effective strategy — discuss it with your CPA.

For New Immigrants

Your RRSP room does not begin accumulating until you file a Canadian tax return with earned income. In your first year, your room is based on 18% of that year's earned income. Plan to maximize contributions once you have the room.

Priority use of RRSP: if you receive a large capital amount from India (property sale, EPF, etc.) in your first few years, channel as much as possible into your RRSP to offset the income inclusion.

TFSA — Tax-Free Savings Account

The TFSA is Canada's most flexible tax-advantaged account. Contributions are made with after-tax dollars, but all growth is completely tax-free — forever. Withdrawals are also tax-free and restore your contribution room.

Key TFSA Facts

Feature	Details
TFSA Feature	Details
Annual contribution limit	$7,000 (2024)

Feature	Details
Contribution room	Accumulates from age 18 (or from the year you turn 18 as a Canadian resident); starts from 2009 for Canadians
Room for new immigrants	Accumulates only from the year you become Canadian resident — no retroactive room
Withdrawal	Tax-free, any time, for any purpose
Over-contribution penalty	1%/month on excess
Investment options	Stocks, ETFs, mutual funds, GICs, bonds, cash

TFSA Strategy for Indian Canadians

For Indian Canadians, TFSA is particularly powerful because it provides a completely clean, tax-free account for investments that produce no cross-border reporting complications. Once your Indian mutual funds and FDs are redeemed and the proceeds arrive in Canada, deploying them into a TFSA with Canadian index ETFs is the cleanest possible financial structure.

RESP — Registered Education Savings Plan

If you have children, the RESP provides powerful education savings benefits. Contributions (up to $50,000 lifetime per child) attract a 20% government grant (Canada Education Savings Grant — CESG) on the first $2,500 contributed annually, for a maximum $500 grant per year per child.

For Indian-Canadian families who value education investment, the RESP combines tax-deferred growth with a guaranteed 20% return on contributions up to the grant limit. Open one as early as possible after your child arrives in Canada.

Action Items — Chapter 17

105. Apply for a SIN if you have not already — required for all registered accounts.
106. Open an RRSP and TFSA at your Canadian bank or through a discount broker (Questrade, Wealthsimple) for lower fees.
107. Identify your first-year RRSP contribution room from your NOA (Notice of Assessment).
108. If you have children, open an RESP and begin contributing to capture the CESG grant.
109. Plan RRSP contributions strategically when you receive large Indian capital inflows.

Chapter 18: Canadian Banking Setup — From Arrival to Stability

Your Canadian banking foundation sets the stage for everything else. This chapter covers what you need in the first weeks, months, and years.

The First Week

- Open a chequing account at one of the Big 5 banks — the newcomer package gives you a free period and sometimes waived minimum balances
- Get a debit card for day-to-day expenses
- Apply for a secured credit card or newcomer credit card (even with no credit history, banks offer these — typically requiring a small deposit as security or using your Indian income/employment offer letter)
- Set up online banking — you will live here for your Canadian financial management

The Right Account Structure

For most Indian-Canadian professionals:

Account	Purpose
Account	Purpose
Primary chequing account	Salary deposits, bill payments, day-to-day spending
High-interest savings account (HISA)	Emergency fund (3–6 months expenses); earns more interest than chequing
TFSA (at discount broker)	Long-term investment; index ETFs
RRSP (at discount broker)	Retirement savings; index ETFs; tax-deductible contributions
RESP (if children)	Education savings; capture CESG grants

Choosing Your Banking Partner

The Big 5 banks (RBC, TD, CIBC, BMO, Scotiabank) offer the most comprehensive services with branches across the country. For banking fees, credit unions and online banks (EQ Bank, Simplii, Tangerine) offer competitive savings rates and lower or no fees.

For investments, discount brokers (Questrade, Wealthsimple Trade) offer significantly lower fees than bank-owned brokerages.

Sending Funds to India from Your Canadian Account

Your Canadian bank will allow international wire transfers. For regular remittances to India, set up a Wise (or Remitly/Instarem) account linked to your Canadian account — the exchange rates are significantly better than bank wire rates, and the transfers are fast and reliable.

Action Items — Chapter 18

110. Open a newcomer chequing account within the first week.
111. Apply for a secured credit card — building credit from day one.
112. Set up online bill payments for rent, utilities, and subscription services.
113. Open a HISA for emergency fund — target 3 months of Canadian expenses.
114. Set up a Wise account for sending money to India at better exchange rates.

Chapter 19: Building Credit in Canada From Zero

One of the most frustrating aspects of moving to Canada is discovering that your excellent Indian credit score means nothing here. CIBIL, CRIF, or Equifax India scores do not transfer to Canada's credit system. You arrive as a financial stranger.

This is not catastrophic — it just requires a deliberate strategy to build Canadian credit quickly.

How Canadian Credit Works

Canada has two major credit bureaus: Equifax Canada and TransUnion Canada. Credit scores range from 300 to 900. Above 720 is considered good; above 760 is excellent. Lenders use your credit score to determine whether to lend to you and at what rate.

The Credit-Building Strategy

Step 1: Secured Credit Card (Month 1)

Apply for a secured credit card. You deposit $500–$1,000 as collateral and receive a credit card with that limit. Every month, use the card for everyday purchases (groceries, gas) and pay the full balance by the due date. This builds a positive payment history — the single most important credit factor.

Step 2: Newcomer Credit Card Without Deposit (Month 1–3)

Most of the Big 5 banks offer newcomer programs that allow a regular (unsecured) credit card based on your employment and income — without requiring a Canadian credit history. Apply within your first month.

Step 3: Credit Limit Increase (Month 6–12)

After 6 months of responsible use, request a credit limit increase. A higher limit (used moderately) improves your credit utilization ratio — a key score factor.

Step 4: Additional Credit Products (Year 2)

Once you have 12+ months of positive history, consider adding a second credit card with rewards (cashback or travel points). Your score should be approaching 680–720 by this point.

Credit Mistakes to Avoid

- Maxing out your credit card — keep utilization below 30%
- Missing payment due dates — even one late payment drops your score significantly
- Applying for multiple credit products at once — each application triggers a hard inquiry that temporarily lowers your score
- Closing old accounts — older accounts contribute positively to your credit age

The CIBC and Scotia International Experience

Scotiabank's StartRight program and CIBC's newcomer offering specifically cater to recent immigrants and sometimes allow leveraging your home-country banking history (for Indian immigrants who bank with international partners like Standard Chartered). Ask about these programs explicitly.

Action Items — Chapter 19

115. Apply for a secured credit card in week 1.
116. Apply for a newcomer unsecured credit card in month 1.
117. Set up automatic full payment each month — never miss a due date.
118. Check your credit score monthly using a free service (Borrowell, Credit Karma) to track progress.
119. Target a 720+ score before you plan to apply for a car loan or mortgage.

Chapter 20: Canadian Real Estate — Buying Your First Home

For most Indian Canadian families, buying a home in Canada is the largest financial decision of their Canadian life. The Indian instinct to own property is strong — and in Canada's major cities, real estate has historically been a solid long-term investment.

When Should You Buy?

There is no universal answer, but financial wisdom suggests:

- You intend to stay in the city for at least 3–5 years
- You have at least 5–20% of the purchase price for a down payment
- You have 3–6 months of emergency savings beyond the down payment
- Your credit score is above 650 (680+ for best rates)
- Your total housing costs (mortgage, property tax, maintenance) are less than 35–39% of gross income

Down Payment Sources

Indian Canadians often benefit from access to Indian capital for down payments. Key considerations:

- Down payment money coming from India must be documented (source of funds declaration)
- Gift from Indian parents: lender will want a gift letter confirming it is not a loan; CRA may look at large foreign gifts
- Funds must typically be in a Canadian account for 90 days before close (for insured mortgages)
- EPF/PPF withdrawal proceeds from India can form part of a down payment

The FHSA — First Home Savings Account

Canada introduced the First Home Savings Account (FHSA) in 2023. This combines RRSP and TFSA benefits for first-time homebuyers. Under current CRA rules, first-time home buyers can use BOTH the FHSA (up to $40,000 lifetime withdrawal, tax-free) AND the RRSP Home Buyers Plan (up to $35,000 from RRSP, tax-free) for the same home purchase. If cash flow allows, maximising both gives you up to $75,000 of registered savings for the down payment — with FHSA requiring no repayment and HBP requiring repayment over 15 years. This combination is usually the optimal strategy for first-home buyers with sufficient contribution room and savings capacity.

- Contributions are tax-deductible (like RRSP)
- Withdrawals for home purchase are tax-free (like TFSA)
- Maximum $8,000/year, $40,000 lifetime
- Open as soon as you arrive if you are a first-time buyer

The First-Time Home Buyer Incentive and RRSP HBP

The RRSP Home Buyers' Plan (HBP) allows you to withdraw up to $35,000 from your RRSP tax-free for your first home purchase. The amount must be repaid within 15 years, or the annual repayment installment is added to your income.

For Indian Canadians who have been building RRSP room and contributing, the HBP can significantly boost the down payment from registered savings.

Foreign Buyer Considerations

Canada's federal government implemented a ban on foreign buyers of residential real estate (the Prohibition on the Purchase of Residential Property by Non-Canadians Act) in 2023. As a Canadian permanent resident or citizen, you are NOT a foreign buyer — you are fully eligible to purchase Canadian residential real estate. This ban applies only to non-resident foreign nationals.

Action Items — Chapter 20

120. Open an FHSA in your first year if you are a first-time buyer.
121. Begin contributing to both FHSA and RRSP — both can be used for first home.
122. Start building your down payment fund in a high-interest savings account.
123. Work on building your credit score to 720+ before applying for a mortgage.
124. When ready to buy, get pre-approved before house hunting — it clarifies your budget and strengthens your offer.

PART FIVE: COMPLEX SCENARIOS

WHAT YOU WILL ACHIEVE IN PART FIVE
1. Understand how dual citizenship (OCI) and residency interact with Indian finances. 2. Navigate cross-border gifts, inheritance, and family transfers cleanly. 3. Structure Indian business income and self-employment correctly. 4. Manage split-family finances when a spouse remains in India. 5. Plan for departure from Canada if circumstances change.

Chapter 21: If You Hold Both Indian and Canadian Citizenship

Canada allows dual citizenship. India does not — India's Citizenship Act provides that any Indian citizen who voluntarily acquires the citizenship of another country automatically loses Indian citizenship. This has significant financial and legal implications.

OCI — Overseas Citizen of India

To bridge this gap, India offers the Overseas Citizen of India (OCI) card — a lifelong multiple-entry visa with almost all the privileges of an Indian citizen, except the right to vote, hold constitutional office, or own agricultural/plantation land.

OCI holders can:

- Enter India without a visa, for any duration
- Open NRE, NRO, and FCNR accounts
- Buy and sell non-agricultural property in India
- Invest in Indian capital markets (under FEMA NRI category)
- Start businesses in India (sector-specific rules apply)

Applying for OCI

OCI is applied for after you obtain Canadian citizenship. The application is made at the Indian Consulate (in Toronto or Vancouver) along with:

- Cancelled Indian passport
- Canadian citizenship/passport
- Proof of Indian origin (old passport, birth certificate, marriage certificate if applicable)
- OCI application form and fees

Financial Implications of Becoming a Canadian Citizen

From a financial perspective, your citizenship status (Indian citizen vs. OCI) has limited tax implications — what matters is your tax residency. As a Canadian citizen and Canadian tax resident, your tax obligations do not change significantly from when you were a Canadian PR.

The DTAA continues to apply regardless of whether you hold an OCI, a defunct Indian citizenship, or simply a PIO background.

Property Ownership Under OCI

OCI holders can own residential and commercial property in India. They cannot own agricultural land or plantation property. This is the same rule as for NRIs. Converting Indian citizenship to Canadian citizenship does not affect your right to hold existing property — only your future ability to acquire new agricultural land.

Action Items — Chapter 21

125. Apply for OCI as soon as you receive Canadian citizenship — the process takes 2–6 months.
126. Return your Indian passport to the Indian Consulate upon receiving OCI (as required by law).
127. Update your Indian bank accounts, demat account, and other financial registrations to reflect OCI status.
128. Confirm that your existing property registrations do not include agricultural or plantation land — if they do, take advice on the treatment under OCI rules.

Chapter 22: Gifts, Inheritance, and Family Transfers Across Borders

Family financial transfers are a cornerstone of Indian financial culture. Money flows regularly between generations — parents supporting children, children remitting to aging parents, family gifts for weddings and emergencies. Navigating these flows in the India-Canada context requires understanding both countries' gift and inheritance rules.

Gift Tax in Canada

Canada does not have a gift tax. When you receive a gift — from anywhere in the world, including India — you do not pay tax on the gift amount itself. There are no annual gift exclusions or lifetime gift limits to worry about from the recipient's perspective.

However: the CRA may look at large unexplained foreign inflows and ask questions. "It was a gift from my father in India" is a valid answer — if you can document it with bank records showing the source and a letter from the giver.

Gift Tax in India

India does not impose a gift tax as such, but the Income Tax Act brings received gifts into income in certain circumstances. For NRIs receiving gifts from India:

- Gifts from close relatives (defined in the Income Tax Act: parents, siblings, spouse, lineal descendants, etc.) are fully exempt from Indian income tax
- Gifts from non-relatives above Rs. 50,000 in a year are taxable as income in India

Gifts from parents to their NRI child are common and are fully exempt in India.

Inheritance From Indian Family

Canada does not impose an inheritance tax. If you inherit assets from a deceased family member in India — money, property, jewelry, shares — you do not pay tax in Canada at the time of inheritance. Your cost basis for inherited assets is their fair market value at the date of death (or the date you receive them — consult a CPA on the exact timing).

In India, inheritance itself is not taxable. The deceased's estate pays any taxes owing (on income, capital gains on sales). When you receive inherited assets as an NRI, the receipt is not taxable — but any future income from those assets (rent, dividends, gains on sale) is subject to the usual NRI tax rules.

Repatriating Inherited Funds to Canada

Inherited money in India (received in your NRO account) is subject to the same repatriation rules as any NRO funds. Up to USD 1 million per year can be repatriated with Form 15CA/15CB and appropriate documentation proving the inheritance (will or court order, legal heir certificate, etc.).

> **ESTATE PLANNING NOTE**
> If your parents in India have significant assets, encourage them to have a properly executed Will. Without a Will, assets pass under intestate succession laws which can be slow and complex, especially for NRI heirs who cannot be physically present for every legal step. A Will combined with a Power of Attorney for a resident Indian family member simplifies the eventual transfer enormously.

Family Remittances — Supporting Parents in India

Sending money from Canada to support aging parents in India is one of the most common financial flows. From a Canadian perspective, this is simply an outbound transfer — no tax consequence in Canada. The parents receiving the funds in India pay no Indian income tax on amounts received from their NRI child (it is a gift from a close relative).

Action Items — Chapter 22

129. Document any large gifts received from India with a gift letter and bank records showing the source.
130. If inheriting Indian assets, get valuations on the date of inheritance for your Canadian cost basis records.
131. Advise parents to have an updated Will and Power of Attorney.
132. Use Wise or Remitly for regular parental support remittances — lower cost than bank wire.

Chapter 23: Self-Employment and Business Income — India vs. Canada Rules

A growing number of Indians moving to Canada are entrepreneurs, freelancers, or professionals who continue operating Indian businesses or clients while building a Canadian practice. The cross-border business income situation requires careful structuring.

Working for Indian Clients From Canada

If you are a Canadian resident providing services to Indian clients (software development, consulting, design, legal, finance, etc.):

- Your employment or professional income is Canadian-source income — it is taxable in Canada
- India generally cannot tax business profits of a non-resident unless the non-resident has a Permanent Establishment (PE) in India
- If you have an office, employees, or regular fixed place of business in India, that may constitute a PE — consult an international tax advisor
- In practice, most freelancers and consultants who moved to Canada and serve Indian clients purely remotely have no Indian PE and are fully Canadian-taxable

Running an Indian Company From Canada

If you own an Indian private limited company (Pvt. Ltd.) and continue to be a director/major shareholder after moving to Canada:

- The Indian company's income is taxed in India regardless of where you live (it is an Indian entity)
- Dividends paid to you as an NRI are subject to 20% TDS in India (15% under DTAA) and are taxable in Canada
- Director's fees paid to you are taxable in India as an NRI and in Canada as Canadian income (with DTAA credit)
- If you control the Indian company from Canada (board decisions, management), the Indian company could be considered to have its place of effective management (POEM) in Canada — creating potential Canadian corporate tax obligations

The POEM Risk

Place of Effective Management is determined by where key management and commercial decisions are made. If you run your Indian company from your home in Toronto, India's tax authorities might challenge the characterization of the company as Indian. Conversely, Canada might seek to tax the Indian company as a Canadian-controlled corporation.

This is an advanced area of international tax law. If you have a significant ongoing Indian business and plan to run it from Canada, structured advice from a CA and CPA working together is essential before you make the move.

Registering a Canadian Business

If you will do business in Canada — freelancing, consulting, professional services — you can operate as:

- Sole proprietor — report income on your T1 return; simplest; no separate entity
- Corporation — Ontario Business Corporations Act (OBCA) or Canada Business Corporations Act (CBCA); separate legal entity; potentially lower corporate tax rate (12.2% federal + provincial on small business income below $500,000); more complex setup and compliance

Action Items — Chapter 23

133. If you continue serving Indian clients from Canada, confirm with a tax advisor that no PE exists in India.
134. If you own an Indian company, assess the POEM risk and structure board meetings and decision-making to keep effective management in India.
135. Register a Canadian business entity (sole proprietor or corporation) for your Canadian professional activities.
136. Open a separate Canadian business bank account — keep business and personal finances separate.

Chapter 24: When Your Spouse Stays in India — The Partial-Move Family

Not every Indian family moves to Canada together. Many follow a split-family pattern: one spouse moves first (often the principal applicant or the one with the job offer), while the other spouse and children stay in India for months or years before joining. This partial-move situation creates specific financial and tax complexities.

The Residency Status of Each Spouse

The spouse in Canada is a Canadian tax resident from the date of arrival. The spouse in India is an Indian tax resident for as long as they remain in India for over 182 days in the financial year. They file tax returns in each country separately.

Canada taxes each spouse on their own worldwide income. The Canadian spouse includes their Canadian salary but also must include any income they earn from Indian assets — rental income from joint property, interest from jointly-held accounts, etc.

Joint Bank Accounts and Splitting

If you have joint bank accounts or investments in India, the income attribution depends on who funded the account. In India, income is attributed based on beneficial ownership. In Canada, similar attribution rules apply — income from jointly-owned property where one spouse provided all the funds is generally all attributed to that spouse.

The Spousal Transfer Issue

If the Canadian-resident spouse sends money to the India-resident spouse, who then invests it in FDs or other assets, the income from those investments may be attributed back to the Canadian spouse under Canada's attribution rules. This is a nuanced area — get advice if significant amounts are involved.

DTAA Implications for the Split Family

When one spouse is in Canada and one is in India, the DTAA tiebreaker test for residency takes on interesting dimensions. The spouse in Canada clearly has their permanent home and centre of vital interests in Canada. The spouse remaining in India has the same in India. Each is a resident of their respective country for DTAA purposes — no conflict.

The Family Reunification Year

When the Indian spouse and children arrive in Canada, they become Canadian residents from that date. Their Indian assets receive a step-up cost basis. The family's combined foreign property may now exceed the T1135 threshold.

Action Items — Chapter 24

137. Maintain clear documentation of which assets are owned by which spouse — attribution rules depend on this.
138. File separate tax returns in each country — the Canadian spouse in Canada and the India-based spouse in India.
139. Plan for the reunification year: valuations for the arriving spouse's Indian assets, T1135 threshold assessment for combined holdings.
140. If the split-family situation will last over a year, consult a CPA to optimize the financial structure.

Chapter 25: Returning to India — Unwinding Your Canadian Life

Some Indians who move to Canada eventually return to India — whether because the immigration plan did not work out, family circumstances changed, or a business opportunity called them back. Returning to India has significant tax implications that are not widely understood.

Departure from Canada — The Departure Return

When you cease to be a Canadian tax resident (by re-establishing your life in India and ceasing to maintain significant residential ties in Canada), you file a departure tax return (T1 Departure Return) for the year you leave Canada.

Departure Tax in Canada

Canada applies a "deemed disposition" to most of your assets on the date you cease to be a Canadian resident. This means Canada treats you as if you sold all your capital property at fair market value on the day before you left. Any accrued capital gains become taxable in your departure year.

Assets Subject to Deemed Disposition

- Canadian and foreign publicly-traded securities
- Mutual funds and ETFs held outside registered accounts
- Foreign real estate (but not Canadian real estate — this has separate rules)
- Business interests held in your personal name

Assets Exempt from Deemed Disposition

- Canadian real estate (taxed when actually sold, not on departure)
- Canadian company pension plan rights
- RRSP and RRIF (taxed on withdrawal, but if leaving Canada, can withdraw at flat 25% non-resident withholding rate — consider carefully before leaving)
- TFSA — becomes taxable account for non-residents; any growth after departure is taxable

Post-Departure Tax Management

If you have a large unrealized gain in your Canadian portfolio on the date of departure (say, you bought Canadian stocks that grew substantially), the departure tax can be significant. Tax planning before departure — including crystallizing losses to offset gains, or staggering the departure timing — can reduce the bill.

Returning to Indian Tax Residency

When you return to India, you begin the Indian residency cycle again. For the first 2 years after returning, you may qualify for RNOR status (if you were non-resident for 9 of the preceding 10 years). RNOR status means India taxes only your Indian-source income — not what you bring back from Canada. This is a valuable transition protection.

Action Items — Chapter 25

141. If you are considering returning to India, consult a CPA at least 1 year before departure — departure tax planning requires lead time.
142. Evaluate whether to sell Canadian securities before departure or accept deemed disposition.
143. Plan RRSP and RRIF withdrawal strategy — the 25% flat withholding rate may be preferable to a lump withdrawal.
144. Assess RNOR eligibility upon return to India.

PART SIX: COMPLIANCE AND PROFESSIONAL HELP

WHAT YOU WILL ACHIEVE IN PART SIX
1. Know exactly what T1135 requires and never miss a filing. 2. Understand when and how to use the CRA Voluntary Disclosures Program. 3. Build your India-Canada professional advisory team. 4. Execute the 24-month financial integration action plan.

Chapter 26: FBAR, T1135, and Foreign Asset Reporting — The Non-Negotiables

Compliance is not optional. The penalties for missing mandatory reporting requirements are severe — often disproportionate to any tax actually owed. This chapter covers the mandatory reporting requirements for Indian-Canadians with foreign assets.

T1135 — Foreign Income Verification Statement (Canada)

T1135 is the most important compliance requirement for Indian-Canadians. It must be filed if the total cost of foreign property you held at any point in the year exceeds CAD 100,000.

What Is Foreign Property?

- Foreign bank accounts (NRO, NRE, FCNR)
- Shares in foreign corporations (Indian listed and unlisted shares)
- Foreign investment funds (Indian mutual funds, if held directly)
- Foreign real estate not used in a business (investment or personal-use property)
- Interests in foreign partnerships
- Foreign life insurance policies with cash surrender value

What Is NOT Foreign Property

- Property used exclusively in your active business
- Personal-use property (vacation property used only by you, not rented)
- Shares in a foreign affiliate where you own 10%+ and it is an active business

Under current CRA rules, T1135 has two reporting tiers: the Simplified Method (for total cost between $100,000 and $250,000) and the Detailed Method (for total cost over $250,000). Most Indian-Canadians in their first few years in Canada will qualify for the Simplified Method — it requires less granular information but still requires listing each account or property. As your

Canadian income grows and you repatriate Indian assets, you may drop below the $100,000 threshold entirely and no longer need to file.

Requirement	Detail
T1135 Requirement	Detail
Filing threshold	More than $100,000 CAD in foreign property at any time in the year
Filing deadline	Same as your T1 return (April 30 / June 15 for self-employed)
Simplified reporting (Category 1)	For total cost between $100,000 and $250,000 — less detail required
Detailed reporting (Category 2)	For total cost over $250,000 — full details of each property required
Late filing penalty	$25/day, min $100, max $2,500 (within 24 months late)
Gross negligence penalty	Greater of $24,000 or 5% of highest fair market value during year

FBAR — Who Needs This?

FBAR (FinCEN 114) is a US requirement, not Canadian. You file FBAR if you have US accounts and are a US person (US citizen, green card holder, or US tax resident). Most Canadian residents of Indian origin who have never lived in the US do not need to file FBAR.

However, if you hold a green card, have lived in the US, or are a US citizen (perhaps via birth in the US), you have ongoing US filing obligations even as a Canadian resident. This is a completely separate tax system and requires a US-Canada cross-border specialist.

India's ITR Filing for NRIs

You may be required to file an Indian Income Tax Return (ITR) as an NRI if:

- Your Indian income exceeds the basic exemption limit (currently Rs. 2.5 lakh for old regime / Rs. 3 lakh for new regime)
- You have capital gains from the sale of Indian assets
- You want to claim a refund of excess TDS deducted in India
- You have taxable income from Indian business operations

Which ITR Form?

NRIs typically use ITR-2 (for income from salary, house property, capital gains, other sources, and foreign income). If you have business income from India, ITR-3 is used.

Other Canadian Reporting Obligations

Beyond T1135, be aware of:

- T1161 (Emigrant's List of Properties) — if you are leaving Canada, not arriving; but you need to keep the equivalent records when arriving
- T1142 (Distributions from Trusts) — if you receive distributions from a foreign trust (some Indian estate structures may qualify)
- T1134 (Controlled Foreign Affiliate) — if you own 10%+ of a foreign corporation and it meets certain criteria

COMPLIANCE FIRST
The first step in your cross-border financial life should be setting up a compliance calendar: T1 (Canadian) by April 30, T1135 by April 30, Indian ITR by July 31 (or October 31 if foreign assets), any required forms for NRI bank accounts by the end of the Indian financial year. Mark these dates and do not miss them.

Action Items — Chapter 26

145. Calculate the cost of your foreign property at year-end and determine if T1135 is required.
146. Set up a compliance calendar with all filing deadlines.
147. File Indian ITR as an NRI if your Indian income exceeds the filing threshold or if you have capital gains or excess TDS to claim.
148. If you have US ties, consult a US-Canada cross-border specialist about FBAR and US filing obligations.

IF YOU ARE IN A HURRY — CHAPTER 26
1. Calculate your Indian assets in CAD at year-end — if total cost exceeds $100,000 CAD, T1135 is mandatory. 2. File T1135 with your T1 every year — one missed filing is $2,500 minimum; two years is $5,000+. 3. File Indian ITR as NRI if your Indian income exceeds the basic exemption or you have TDS refunds to claim.

Chapter 27: CRA Audits and Voluntary Disclosures

Even well-intentioned people sometimes make mistakes in cross-border tax compliance. The good news is that Canada's tax system provides a mechanism to correct past errors without facing the full weight of penalties: the Voluntary Disclosures Program (VDP).

What the CRA Audits

Under the Common Reporting Standard (CRS) — to which both India and Canada are signatories — Indian banks and financial institutions report accounts held by Canadian tax residents to Indian tax authorities, which then share that data with the CRA through automatic exchange of information agreements. Under current CRA administrative practice, this data is actively used to identify unreported foreign income and missing T1135 filings. Through FATCA (if you have US ties), US accounts are reported. The CRA increasingly knows about your foreign accounts — even if you have not told them.

The CRA specifically looks for:

- Unreported foreign income (NRE/NRO interest, Indian dividends, rental income)
- Missing T1135 filings or T1135 disclosures that appear incomplete
- Large foreign inflows to Canadian accounts not matched to reported foreign income
- Property sales in India not reported in Canadian returns

The Voluntary Disclosures Program (VDP)

If you have not reported foreign income or missed T1135 filings, the VDP allows you to come forward voluntarily, pay the taxes owed and interest, and have most or all penalties waived — provided you apply before the CRA contacts you.

VDP Conditions

- You must apply before the CRA initiates contact or audit on that issue
- Your disclosure must be complete — you cannot selectively disclose some errors while hiding others
- You must pay all estimated taxes and interest due with the application
- Income tax omissions — standard track has penalties reduced or eliminated; general track for serious non-compliance may have lesser relief

What the VDP Covers

- Unreported foreign income for past years
- Missing T1135 filings
- Late-filed returns

- Other unreported income (not just foreign)

A CPA or tax lawyer handles VDP applications. For Indian-Canadians who realize they have not been reporting NRE interest or Indian rental income for several years, VDP is the right path forward.

CRA Audit Risk Factors

You are at higher audit risk if:

- You have large unexplained foreign deposits in your Canadian accounts
- Your lifestyle appears inconsistent with reported income
- You claimed foreign tax credits significantly different from prior years
- Your T1135 cost disclosure is significantly higher than your reported foreign income
- You have been identified through CRS data sharing as holding foreign accounts not reported

Action Items — Chapter 27

149. Review all past Canadian returns for unreported foreign income — NRE interest is the most commonly missed item.
150. Review past years for missing T1135 filings — if any year was missed, consult a CPA about whether VDP is appropriate.
151. Do not attempt to resolve a CRA audit without professional representation — a CPA or tax lawyer with CRA audit experience is essential.

Chapter 28: Building Your Canada-India Financial Advisory Team

Cross-border financial management requires a team of professionals who understand both countries. No single advisor can cover everything — you need specialists at each intersection. This chapter describes who you need and what to look for.

Your Core Advisory Team

Canadian CPA with International Tax Experience

This is your most important advisor. Your Canadian CPA:

- Files your annual T1 return
- Calculates and files T1135
- Optimizes RRSP contributions and foreign tax credits
- Advises on the Canadian treatment of Indian assets
- Handles any CRA audit or VDP application

Look for a CPA with explicit experience in immigrant taxation and cross-border India-Canada work. Not every CPA understands the PFIC analogies for Indian mutual funds or the step-up rules for arriving immigrants. Ask specifically: "Have you worked with clients from India with significant Indian assets?"

Indian Chartered Accountant (CA)

You still have Indian filing obligations as long as you have Indian income. Your Indian CA:

- Files your Indian NRI ITR (ITR-2 or ITR-3)
- Manages TDS certificates and refund claims
- Advises on FEMA compliance
- Assists with Form 15CA/15CB for repatriation
- Advises on property sale structuring and Form 13 applications

Your Indian CA does not need to understand Canadian tax law — that is the Canadian CPA's job. But ideally your Canadian CPA and Indian CA should be willing to communicate with each other when needed.

Canadian Immigration Consultant or Lawyer

While this book focuses on financial matters, your immigration status drives many of the financial rules. An RCIC (Registered Canadian Immigration Consultant) or immigration lawyer keeps your immigration track current and ensures you understand any status changes that affect your tax residency.

Canadian Financial Planner (CFP)

A Canadian CFP helps with broader financial planning: retirement projection, insurance needs, education planning, estate planning. Look for a fee-only planner (one who charges for advice rather than earning commissions from product sales).

Canadian Mortgage Broker

When you are ready to buy a home, a mortgage broker with experience working with newcomers (who may have non-standard income documentation from India) will help you find the best mortgage rate and structure.

How to Find These Professionals

Professional	Finding Them
Professional	How to Find
Canadian CPA	CPA Canada's Find a CPA directory; ask for referrals from Indian-Canadian community; look for "international tax" specialization
Indian CA	ICAI directory; your existing Indian tax preparer; referrals from family still in India
Immigration Consultant (RCIC)	CICC (College of Immigration and Citizenship Consultants) directory at college-ic.ca — verify registration
Canadian CFP	FP Canada's Find a Planner tool; fee-only advisors at FPAC
Mortgage Broker	Referrals from other Indian-Canadians who recently bought; CMBA directory

Action Items — Chapter 28

152. Identify and engage a Canadian CPA with international tax experience before your first Canadian tax filing deadline.
153. Maintain your Indian CA relationship for annual NRI ITR and FEMA compliance.
154. Do not attempt to manage cross-border taxes yourself for at least the first 3 years — the professional fees are far less than the cost of errors.

Chapter 29: The 24-Month Action Plan for Financial Integration

This chapter consolidates everything from the book into a practical month-by-month action plan for your first two years as an Indian-Canadian. Use it as a checklist and a roadmap.

Months 1–2: The Immediate Foundation

155. Apply for SIN at Service Canada
156. Open Canadian chequing account — newcomer package at a Big 5 bank
157. Apply for secured or newcomer credit card
158. Apply for a Canadian driver's licence (as soon as eligible in your province)
159. Contact all Indian banks — initiate NRO conversion of existing savings accounts
160. Open NRE account if you plan to send money to India
161. Collect all Indian asset valuations from your pre-departure exercise
162. Set up Wise or Remitly for family remittances to India

Months 3–6: Building the Structure

163. Engage a Canadian CPA — do this before year-end
164. Open TFSA and begin investing in Canadian index ETFs
165. Redeem Indian mutual funds (if not already done before departure)
166. Set up standing instructions on NRO account for EMI, insurance premiums, etc.
167. Obtain Tax Residency Certificate from CRA (available after first T1 filing)
168. File Indian ITR for the partial year of departure
169. Review credit score — it should be building

Months 7–12: Optimization

170. Open RRSP — begin contributions if you have contribution room
171. Open FHSA if first-time buyer (start saving for home down payment)
172. If children have arrived, open RESP and begin contributions for CESG
173. File first Canadian T1 return by April 30 (with CPA's help)
174. File T1135 with your T1 — do not miss this
175. Obtain Form 16A from all Indian banks for TDS credit claims
176. Review all Indian FDs — decide renewal vs. repatriation

Months 13–18: Consolidation

177. Review and consolidate Indian accounts — close unnecessary accounts
178. Consider Indian property strategy: retain, rent, or sell?
179. Review investment allocation: Canadian RRSP/TFSA properly invested?
180. File Indian ITR for the first full NRI year
181. Build Canadian emergency fund to 3–6 months of expenses
182. Assess whether your credit score (now approaching 700+) enables next steps

Months 19–24: Advanced Planning

183. If planning to buy a home, get mortgage pre-approval
184. Review EPF status — if not withdrawn, decide on withdrawal strategy
185. Review PPF account — plan around maturity date
186. Evaluate whether to apply for Canadian citizenship (3 years physical presence as PR)
187. Review cross-border estate planning — do you have a Canadian will?
188. Annual compliance review: T1, T1135, Indian ITR all filed and up to date

IF YOU ARE IN A HURRY — CHAPTER 29

1. Print this 24-month action plan and put it somewhere visible. 2. The three highest-value actions: get a CPA in Month 1-3, redeem Indian mutual funds immediately, and file T1135 with your first return. 3. Every month without TFSA contributions is a missed compounding opportunity.

THE FINANCIAL INTEGRATION GOAL

By the end of your second year in Canada, your goal is a clean, simple financial life: your major Indian assets either repatriated or clearly structured with ongoing reporting covered, your Canadian accounts properly invested and growing, your compliance obligations met without scrambling, and a clear roadmap for your first home and long-term retirement in Canada.

Chapter 1A: Special Residency Situations — Students, Intra-Company Transfers, and Entrepreneurs

Chapter 1 covered the core residency rules. Several specific situations warrant deeper treatment because they are common among Indians moving to Canada.

International Students Transitioning to Workers

Many Indians begin their Canadian journey as international students on a Study Permit. The residency determination for students is nuanced. A student in Canada on a Study Permit is NOT automatically a Canadian tax resident — it depends on the residential ties test.

In practice, most students who study in Canada full-time for one or more years are considered Canadian tax residents by the CRA because:

- They maintain a dwelling in Canada (rented room or apartment)
- They are physically present in Canada for most of the year
- They may have a Canadian bank account, phone, provincial health card

As a student-turned-worker who has been in Canada for 2–3 years before receiving your PGWP (Post-Graduate Work Permit) and then PR, you likely have been a Canadian tax resident throughout. Your tax obligations began from your first year of study.

Common Student Tax Mistakes

- Not filing a T1 return during student years — required if you have any Canadian income (TA stipend, part-time work, scholarships)
- Not declaring Indian bank account interest during student years — this was taxable in Canada if you were a resident
- Not reporting Indian scholarship support from parents as income (though gifts from parents are not income — but stipends from an Indian institution may be)

STUDENT FILING BENEFIT
Even if you owe no tax as a student, file a T1 return every year. This establishes your RRSP contribution room (based on earned income), creates a trail for the CRA showing compliant behavior, and may allow you to receive GST/HST credits and other benefits you are entitled to as a Canadian resident.

Intra-Company Transferees (ICTs)

Many Indian IT and business professionals come to Canada on ICT work permits — transferred by their Indian employer to a Canadian office or subsidiary. The ICT situation creates specific financial complexities.

The Split-Payroll Issue

ICTs often receive a split payroll: part of their salary is paid in India (by the Indian entity) and part in Canada (by the Canadian entity). The Indian salary may continue to NRE/NRO accounts in India. As a Canadian tax resident, you must report your total worldwide income — including the Indian portion.

The Indian employer typically continues deducting Indian TDS on the Indian salary, and the Canadian employer deducts CPP and EI on the Canadian salary. You report both in Canada and claim foreign tax credits for the Indian TDS.

Equalization Programs

Some large employers have tax equalization programs where the HR department guarantees that the employee pays no more total tax than they would have paid in their home country. If your employer has such a program, the tax complexity is managed by the company's tax team — but you should still understand what is happening.

Entrepreneurs and Business Owners

Indian entrepreneurs who move to Canada sometimes do so under the Start-Up Visa program, the Self-Employed Persons Program, or various PNP entrepreneur streams. Their financial situation is more complex:

- They may continue to run their Indian business remotely
- They establish a Canadian business while maintaining the Indian entity
- They receive income from both jurisdictions
- Their personal and business finances may be intertwined

The primary additional consideration for entrepreneurs is the Permanent Establishment (PE) question and the Place of Effective Management (POEM) issue discussed in Chapter 23. If you are an entrepreneur, the structure of your businesses (Indian and Canadian) should be reviewed by both a CA and CPA before you move.

Action Items — Chapter 1A

189. If you are a student, determine when you first became a Canadian tax resident and whether you have missed any tax filing years.
190. If you are an ICT, ensure your employer has correctly split your payroll and that you understand which income is being taxed where.

191. Entrepreneurs: engage both a CA and CPA for pre-move planning specifically around PE and POEM before finalizing your business structure.

Chapter 4A: NRI Banking — Practical Scenarios and Common Errors

The theoretical framework of NRE, NRO, and FCNR accounts is covered in Chapter 4. This chapter addresses the practical scenarios that actually arise — the questions that Indian-Canadians ask their financial advisors most often.

Scenario 1: Receiving Salary From Indian Employer While Living in Canada

You continue to work remotely for your Mumbai-based employer for three months after moving to Canada. Your salary is deposited in your Indian savings account.

The correct treatment:

192. Your Indian employer must stop TDS since you are now an NRI — but in practice they often continue it. Get a letter clarifying NRI status to your HR.
193. The salary, once you are a Canadian resident, is Canadian employment income (work performed from Canada).
194. The Indian account that receives this salary should be NRO (it is income earned while you are an NRI — even though earned from an Indian employer, you are performing the work from Canada).
195. Report the salary in Canada; the Indian TDS (if any) is a foreign tax credit.

Scenario 2: Receiving Rental Income on Jointly-Owned Property

You and your spouse jointly own a property in Hyderabad. Your spouse is still in India. After you arrive in Canada, rental income comes in.

Your share of the rental income (typically 50%) must be reported by you in Canada. Your spouse reports their share in India. The tenant must deduct TDS on the total rent (in practice, many residential tenants do not do this — consult your Indian CA about compliance).

Scenario 3: Parent Deposits Money in Your NRE Account

Your father deposits Rs. 20 lakh into your NRE account "from his savings." What are the implications?

In India: The source matters under FEMA. NRE accounts are meant for funds from abroad. Deposits from an Indian resident (your father) into your NRE account are NOT permitted under FEMA — NRE accounts can only receive inward remittances from abroad or transfers from another NRE/FCNR account.

If your father wants to give you money: it should go into your NRO account. Or he can give the rupees to a family friend in Canada who can send an equivalent amount abroad to your NRE from Canada.

FEMA VIOLATION RISK
Depositing resident Indian funds directly into an NRE account is a FEMA violation. The intent to give a gift does not cure the violation. Route all gifts from Indian residents through the NRO account.

Scenario 4: Your NRO FD Matures — Can You Move It to NRE?

Your NRO FD of Rs. 50 lakh matures. Can you transfer it to an NRE account?

No — not directly. NRO funds (earned from Indian sources) are not freely transferable to NRE accounts. To move money from NRO to NRE, you need RBI permission or must go through the repatriation process (15CA/15CB) to bring the money abroad, and then remit it back into NRE. This is administratively complex and you pay taxes along the way.

Practical alternative: Keep the NRO FD as NRO on renewal if you need the funds in India. If you want to bring it to Canada, follow the repatriation process.

Scenario 5: Sending Money to Parents Through NRE Account

You want to send money from Canada to your parents in India for their expenses. You remit from your Canadian account to your NRE account. From your NRE account, can you transfer to your parents' savings account?

Yes, but with a nuance: transferring from NRE to a resident Indian account is permitted. However, once the funds are in your parents' resident savings account, they become rupee funds in India — the original repatriability of NRE funds is lost. Your parents should be aware that this is a gift to them from you.

Common NRI Banking Errors to Avoid

Error	Consequence
Error	Consequence
Continuing to operate resident savings account after NRI status	FEMA violation; account may be frozen
Depositing Indian-source income into NRE account	FEMA violation; funds may be seized

Error	Consequence
Not providing Form 10F to bank	Bank deducts TDS at 30% instead of 15% treaty rate
Not collecting Form 16A from bank	Lose foreign tax credit in Canada worth real money
Joint NRE account with Indian resident	Not permitted; must be joint with NRI only
Exceeding USD 1M NRO repatriation limit	RBI permission required; bank may block transfer
Not converting demat to NRI demat	Cannot trade legally as NRI with resident demat

Chapter 17A: Understanding Canadian Income Tax — Rates, Brackets, and Key Credits

To make intelligent financial decisions in Canada, you need to understand how Canadian income tax works. This chapter provides the essential framework.

The Federal-Provincial Tax System

Canada's income tax is levied at two levels: federal and provincial. Both levels have their own tax brackets and rates. You pay both, but you file one T1 return to the CRA which calculates both.

Federal Tax Brackets (2024)

Income Range	Federal Rate
Taxable Income	Federal Tax Rate
Up to $55,867	15%
$55,867 to $111,733	20.5%
$111,733 to $154,906	26%
$154,906 to $220,000	29%
Over $220,000	33%

On top of federal rates, provincial taxes add approximately 5% to 17% depending on the province and income level. For Indian-Canadians in Ontario (the most common province of settlement), the combined federal-provincial marginal rate on income above $220,000 is approximately 53.53%.

Ontario Provincial Tax Brackets (2024)

Income Range	Ontario Rate
Taxable Income	Ontario Tax Rate
Up to $51,446	5.05%
$51,446 to $102,894	9.15%
$102,894 to $150,000	11.16%
$150,000 to $220,000	12.16%
Over $220,000	13.16%

The Basic Personal Amount

The Basic Personal Amount (BPA) is a credit that ensures you pay no federal income tax on your first ~$15,705 of income (2024). Every Canadian resident is entitled to this. In your arrival year, it is prorated based on the number of days you were a Canadian resident.

Key Credits for Indian-Canadians

Credit / Deduction	Benefit
Credit	Benefit
Basic Personal Amount	Everyone gets ~$15,705 non-taxable income
Spouse/Common-Law Partner Amount	If your spouse has low income, you can claim a credit
Canada Child Benefit (CCB)	Tax-free monthly payment per child under 18
GST/HST Credit	Quarterly refund for lower/middle income earners
RRSP Deduction	Contribution reduces taxable income dollar for dollar
Foreign Tax Credit (T2209)	Credit for taxes paid in India
Medical Expense Tax Credit	15% federal credit on eligible medical expenses above threshold
Tuition Credit (for students)	Reduces tax owing for education costs
Home Accessibility Tax Credit	For renovations making home accessible for elderly
First-Time Home Buyer's Tax Credit	Up to $1,500 federal credit for first home purchase

The Marginal vs. Effective Rate Distinction

Your marginal rate is the rate on your last dollar of income — the rate that matters for decisions like RRSP contributions. Your effective rate is your total taxes divided by your total income — lower than marginal because the lower brackets apply to your first dollars of income.

Example: If you earn $120,000 in Ontario, your marginal rate is roughly 43.41% (federal + provincial on income between $111,733 and $154,906). But your effective rate is much lower — perhaps 30–32% — because your first $55,867 is taxed at lower rates.

Capital Gains Tax in Canada

Canada taxes capital gains at 50% of the gain (the inclusion rate), which is then taxed at your marginal rate. This means the effective capital gains tax rate is half your marginal rate.

Example: You sell Indian shares and realize a $20,000 CAD capital gain. The inclusion amount is $10,000 (50%). At a 43% marginal rate, you pay approximately $4,300 in capital gains tax — not 43% of the $20,000.

Note: The 2024 budget proposed increasing the inclusion rate to 2/3 for gains above $250,000 per year. The status of this change should be verified with your CPA as tax law evolves.

Minimizing Canadian Tax — The Indian-Canadian Toolkit

- Maximize RRSP contributions — reduces taxable income by the contribution amount
- Maximize TFSA — all growth tax-free, no impact on reported income
- Claim all eligible foreign tax credits — every rupee of TDS reduces Canadian tax
- Split income with spouse through spousal RRSP — equalize income in retirement
- Time capital gains realizations — consider deferring until a lower-income year
- Claim all medical expenses — includes Indian treatments if paid while a Canadian resident
- Use the First Home Savings Account before buying

Chapter 17B: Canadian Government Benefits You Are Entitled To

As a Canadian tax resident, you are entitled to various government benefits that most immigrants do not fully utilize. This chapter covers the major benefits and how to claim them.

Canada Child Benefit (CCB)

The CCB is a tax-free monthly payment for families with children under 18. The amount depends on your family net income and the number and ages of children. For 2024:

- Maximum $7,437/year per child under age 6
- Maximum $6,275/year per child aged 6 to 17
- Reduced for family net income above $36,502

Apply for CCB using Form RC66 as soon as your children arrive in Canada and you have a SIN. For new immigrants, apply by including a world income statement. CCB is substantial — a family with two young children can receive $14,000+ annually.

GST/HST Credit

A quarterly tax-free payment to offset the GST/HST paid by lower and middle-income Canadians. Single individuals receive up to $496/year; families receive more. You apply by filing a T1 return — no separate application needed.

Old Age Security (OAS)

OAS begins at age 65 for Canadians who have lived in Canada for at least 10 years after age 18 (for a partial pension) or 40 years for the full pension. Each year you live in Canada after 18 earns 1/40th of the full pension. A full OAS pension is approximately $700/month (2024) — indexed to inflation.

For Indian-Canadians who arrive in Canada at age 40 and live here to age 65, they accrue 25 years of OAS eligibility — a partial pension of 25/40ths of the full amount, roughly $437/month. This should factor into your retirement income projection.

Canada Pension Plan (CPP)

CPP is a contributory pension plan funded by employee and employer contributions on employment income. You contribute to CPP on every Canadian paycheck (currently 5.95% of earnings between $3,500 and $73,200, matched by your employer).

After contributing for several years, you earn CPP entitlement for retirement (as early as age 60, or deferred to age 70 for larger payments). Indian-Canadians who arrive at working age build meaningful CPP entitlement over their Canadian careers.

India-Canada do not have a social security totalization agreement (unlike Canada-US or Canada-India for certain OAS matters). Your Indian EPF/ESIC contributions do not count toward Canadian CPP. They are separate systems.

Employment Insurance (EI)

EI provides temporary income replacement if you lose your job, take parental leave, or need to care for a critically ill family member. Premiums are deducted from your pay. You qualify for benefits after accumulating sufficient insurable hours of work.

EI Parental Benefits are particularly generous — up to 18 months of leave with income replacement (at 55% of insurable earnings up to the maximum insurable amount of $63,200/year). For Indian families who may have children after arriving in Canada, this benefit can be substantial.

Provincial Benefits

Each province has additional benefits. In Ontario:

- Ontario Trillium Benefit — combines three provincial credits; up to $300–$1,200/year depending on income and rent paid
- Ontario Child Care Subsidy — reduced childcare costs for lower-income families
- OHIP — Ontario Health Insurance Plan: free doctor visits, emergency care, specialist care
- Ontario Disability Support Program — for those with qualifying disabilities

Action Items — Chapters 17A and 17B

196. Apply for CCB immediately upon children's arrival in Canada.
197. File T1 returns every year to receive the GST/HST credit automatically.
198. Understand your OAS accumulation: each year in Canada after 18 adds 1/40th pension.
199. Review your CPP contribution slips annually to verify correct deductions.
200. Register for your province's health insurance plan (OHIP, AHCIP, MSP, etc.) within the enrollment window.

Chapter 18A: Insurance in Canada — What You Need as an Indian Immigrant

India and Canada have fundamentally different insurance landscapes. In India, insurance is often investment-linked (LIC endowment, money-back plans). In Canada, the dominant model is pure protection — buy term life insurance separately from investments, and invest through registered accounts.

Health Insurance — The OHIP Gap

Canada's provincial health plans (OHIP in Ontario) cover most medical needs. However:

- There is typically a 3-month waiting period before OHIP kicks in for new immigrants in Ontario (Quebec has a 3-month wait; BC has none; other provinces vary)
- Dental care is NOT covered by OHIP — you need private dental insurance
- Prescription drugs are NOT covered by OHIP for most adults — you need private drug coverage
- Vision care is NOT covered by OHIP for adults over 20

Your employer's group benefits plan (if available) covers dental, vision, and drugs. If your employer does not provide these benefits, obtain private insurance. The cost of dental work, glasses, and drugs in Canada without insurance is very high.

The 3-Month OHIP Gap

Purchase travel health insurance or visitor-to-Canada insurance to cover your family for the first 3 months if you are in Ontario. A single emergency visit without coverage can cost $5,000–$30,000. This is a non-negotiable insurance priority on arrival.

Life Insurance

If you have dependants in Canada (or India) who rely on your income, you need life insurance. The Canadian approach:

- Term life insurance: pure protection for a specific period (10, 20, or 30 years); premiums are low and the payout is guaranteed upon death
- Whole life / permanent insurance: protection plus cash value; more complex and expensive; can be useful for estate planning

For most Indian immigrants in the earning and family-building phase, term life insurance of 10–20x your annual income is the appropriate starting point. A 35-year-old non-smoker can obtain $1 million of 20-year term coverage for $50–$80/month in Canada.

What About Indian LIC Policies?

Your existing LIC or other Indian insurance policies remain valid. However:

- Premiums must be paid from your NRO account (not your Canadian account directly)
- Maturity proceeds, when received in Canada, are taxable in Canada
- Pure term insurance can be continued for coverage of family in India
- Endowment/money-back/ULIP policies can generally be continued or surrendered — evaluate their return vs. Canadian alternatives

Disability Insurance

Your Canadian employer's group benefits often include Short-Term Disability (STD) and Long-Term Disability (LTD) coverage. If your employer does not provide this, consider individual disability insurance — it replaces 60–70% of your income if you cannot work due to illness or injury. For the self-employed or contract workers, this is essential.

Property Insurance

If you rent, you need tenant's insurance (also called renter's insurance) to cover your belongings and personal liability. Cost: $20–$40/month. If you buy a home, home insurance is mandatory for mortgage lenders.

Chapter 28A: Estate Planning Across Two Countries

Estate planning is not just for the wealthy or the elderly. Every Indian-Canadian family with assets in both countries — even modest ones — should have a basic estate plan in place. The consequences of dying without a will in a cross-border situation are operationally and financially painful for the surviving family.

Do You Need Two Wills?

Technically, a single will can cover assets in both countries. However, in practice:

- A Canadian will (executed in Ontario, for example) is not automatically recognized in India — it needs to be probated in India separately, which is time-consuming and expensive
- An Indian will is subject to Indian Succession Act requirements and courts

The pragmatic approach for Indian-Canadians with significant assets in both countries: have two wills — one for Canadian assets and one for Indian assets. A Canadian estate lawyer and an Indian lawyer (ideally working from the same instructions) can create coordinated wills.

What to Include in Your Canadian Will

- Appointment of an executor (the person who administers your estate — ideally a Canadian resident)
- Guardianship of minor children
- Distribution of Canadian assets: home, registered accounts, investments, personal property
- Powers of Attorney: separate documents for Property (financial decisions if incapacitated) and Personal Care (medical decisions)

What to Include in Your Indian Will

- Distribution of Indian assets: property, bank accounts, demat holdings, FDs, insurance policies, jewellery
- Appointment of an executor in India (a resident Indian family member)
- Specific bequests for family members in India

Canadian Estate Taxes — There Are None (But...)

Canada does not have an inheritance tax or estate duty. When you die, your estate does not pay a flat tax. However, Canada deems all your capital property to have been disposed of at fair market value immediately before death (the deemed disposition on death). Any resulting capital gains are included in your final T1 return and taxed accordingly.

For Indian-Canadians with significant appreciated assets (Canadian real estate, Indian shares with large unrealized gains), this terminal return can generate substantial tax. Life insurance — either Canadian or Indian — is often used to fund this anticipated tax liability.

Indian Estate and Succession

India does not have estate duty (it was abolished in 1985). Indian assets pass according to your will (or intestate succession laws if no will). As an NRI who is a Canadian citizen or OCI holder, the Indian Succession Act 1925 governs — which generally gives you freedom to dispose of assets as you wish.

Registering Nominations

In India, every financial asset has a nomination facility. Nominations should be updated across:

- All bank accounts (NRO, NRE, FCNR)
- Demat account
- EPF (EPFO portal)
- PPF (post office or bank)
- Insurance policies
- Mutual fund folios

Nominations simplify the release of assets to beneficiaries after death — they are not legally equivalent to a will but they speed up the administrative process enormously.

Action Items — Chapter 28A

201. Prepare a Canadian will with a qualified estate lawyer in Canada.
202. Prepare an Indian will through an Indian lawyer for your Indian assets.
203. Execute Powers of Attorney for both countries.
204. Update all nominations across Indian financial accounts.
205. Review life insurance coverage to ensure it can fund anticipated estate taxes.

Chapter 29A: Master Checklists for Every Stage

These consolidated checklists summarize all the action items from the book, organized by stage. Print them. Check them off. Return to the relevant chapter for details on any item.

Pre-Departure Checklist (While Still in India)

206. Execute complete asset inventory with values
207. Obtain registered valuer reports for all real estate
208. Print share and mutual fund values as of likely departure date
209. Calculate EPF balance; initiate withdrawal if 5-year service completed
210. Collect LIC surrender values and premium payment records
211. Initiate NRO conversion at primary bank
212. Open NRE account
213. Clear all credit card dues and personal loans if possible
214. Set up standing instructions on NRO for ongoing Indian expenses
215. Ensure PAN card is valid and accessible
216. Review and update all nominations across financial accounts
217. Execute India Power of Attorney for trusted family member
218. Prepare Indian Will if not already done
219. Obtain digital access to all Indian accounts (internet banking credentials)
220. Collect copies of all property documents, insurance policies, investment statements

IF YOU ARE IN A HURRY — CHAPTER 3
1. Get a registered valuer report for every Indian property before you leave — without it, Canada taxes you on gains from the original purchase date, not your arrival date. 2. Print NAV and share price records for every investment on your departure date. 3. Withdraw EPF if you have 5+ years of service — it is completely tax-free in India and simplifies your Canadian reporting.

Month 1 in Canada Checklist

221. Apply for SIN at Service Canada
222. Open Canadian bank account — newcomer package
223. Apply for secured or newcomer credit card
224. Apply for provincial health insurance card

225. Set up internet banking for Canadian account
226. Set up Wise account for India remittances
227. Register children for school
228. Apply for Canada Child Benefit (RC66)
229. Confirm residency start date with written documentation

First Year Tax Checklist

230. Engage Canadian CPA with international tax experience
231. File T1 return by April 30 — arrival-year return
232. File T1135 — foreign property report
233. Claim foreign tax credits (T2209) for Indian TDS
234. Open TFSA — begin investing
235. Obtain first NOA from CRA — shows RRSP contribution room
236. File Indian ITR as NRI for the partial departure year
237. Obtain Tax Residency Certificate from CRA (request after filing)
238. Provide Form 10F to Indian banks for 15% treaty TDS rate

Ongoing Annual Checklist

239. File Canadian T1 by April 30
240. File T1135 if foreign property > $100K CAD
241. File Indian ITR by July 31 (October 31 if foreign assets)
242. Collect Form 16A from all Indian banks (after March 31)
243. Update Bank of Canada exchange rates for foreign income calculations
244. Review RRSP contributions — maximize if possible
245. Review TFSA room — maximize if possible
246. Review credit score — target 720+
247. Review Indian assets — are they simplifying or complicating?
248. Review insurance coverage — still adequate?

Chapter 30: Real-Life Scenarios — The Good, The Costly, and The Avoidable

Theory becomes real in examples. These composite scenarios — drawn from common situations in the Indian-Canadian community — illustrate how the principles in this book apply in practice.

Scenario 1: The IT Professional Who Got It Right

Arvind, a 34-year-old software engineer from Bengaluru, received a job offer from a Toronto tech company. Six months before departure, he read a guide like this one. He:

249. Obtained registered valuer reports for his Bengaluru apartment (worth Rs. 1.2 crore)
250. Printed NSE closing prices for all his equity holdings on his departure date
251. Withdrew his EPF (9 years of service, fully exempt in India)
252. Redeemed all Indian mutual funds — paying 10% LTCG on gains in India
253. Converted his HDFC salary account to NRO
254. Opened an NRE account for future remittances
255. Left his Bengaluru apartment to rent (family member manages it; NRO receives rent)

Upon arriving in Canada, Arvind opened a bank account, got his SIN, and hired a CPA with India-Canada experience. His first T1 return was clean. His T1135 covered the apartment (valued at ~$185,000 CAD) and his NRO/NRE accounts.

Outcome: No compliance issues. Clean cost basis records. Zero Indian mutual fund complexity. Rental income from India reported annually in both countries with full DTAA credits. Arvind saved an estimated $12,000–$18,000 in CPA fees and potential penalties by doing the pre-departure work.

Scenario 2: The Professional Who Didn't Know About T1135

Priya and Suresh arrived in Canada in 2019. Both had good careers and significant Indian savings — NRE accounts, NRO FDs, a flat in Mumbai worth Rs. 2.5 crore ($460,000 CAD at the time), and mutual fund holdings worth Rs. 30 lakh.

Their employer-recommended Canadian accountant filed their T1 returns for 2019, 2020, and 2021 — but had no experience with NRI situations. T1135 was never filed. NRE account interest was not reported (the accountant did not know NRE interest is Canadian taxable income).

In 2022, the CRA sent a letter as part of a targeted review of Indian-Canadian accounts (CRS data from Indian banks had flagged large account balances). The result:

- $2,500/year in T1135 penalties for three missed years = $7,500
- Reassessment of unreported NRE interest income = $4,200 in additional tax
- Interest on unpaid tax = $680
- CPA fees for the catch-up filing and CRA correspondence = $3,800

Total cost of the oversight: over $16,000. The Voluntary Disclosures Program was not available because CRA had already initiated contact.

Lesson: Find a CPA who understands cross-border India-Canada taxation from the very first year.

Scenario 3: The Indian Mutual Fund Trap

Vikram arrived in Canada in September 2020 with Rs. 40 lakh in Indian equity mutual funds. He intended to "let them grow" and redeem in a few years. He did not get specialized tax advice.

For 2020, 2021, 2022, and 2023, no Canadian tax was reported on the mutual fund income (mark-to-market gains). When Vikram finally found a knowledgeable CPA in 2024 who identified the issue:

- Four years of unreported Foreign Investment Entity income
- Catch-up filings required across all four years
- CPA fees for the complex calculations: $4,500
- Additional tax on four years of mark-to-market gains: $8,900
- A Voluntary Disclosure Program application (CRA had not yet contacted him)

Total: $13,400, plus the emotional stress. The funds had grown by Rs. 15 lakh over the period — but a substantial portion of that growth funded Canadian taxes and CPA fees rather than Vikram's wealth.

Lesson: Indian mutual funds should be redeemed before or shortly after establishing Canadian residency.

Scenario 4: The Smart Inheritance

Meena's father passed away in India in 2022, leaving her an inherited flat in Pune (worth Rs. 80 lakh) and Rs. 25 lakh in FDs. Meena had been in Canada for six years.

How Meena handled it:

256. Consulted an Indian lawyer for probate and legal heir certificate
257. Had an Indian CA calculate that the inherited assets were not subject to Indian estate duty

258. Did not rush to sell the flat — obtained a valuation as of the date of her father's death (her Canadian cost basis)
259. Transferred the FD proceeds to her NRO account using a legal heir certificate
260. Reported the FDs in Canada — the interest from the date of transfer into her NRO account was Canadian income; the principal was not
261. Consulted her Canadian CPA — confirmed no Canadian tax on the receipt of inheritance

Meena eventually sold the Pune flat two years later. She paid Indian capital gains tax (from her father's original cost, not from the date of inheritance — India uses the original owner's cost for inherited property). In Canada, she reported the gain from the inherited value at her father's death. The DTAA credit covered most of the Indian tax.

Lesson: Inheritances can be managed cleanly with proper planning on both sides.

Glossary of Key Terms

A reference guide to the key terms used in this book.

Term	Definition
Term	Definition
AEA (Accrual Exempt Amount)	Method used in Canada to include annual foreign investment entity income
RNOR (Resident but Not Ordinarily Resident)	Indian residency status for recent returnees/non-residents; limited Indian tax on foreign income
CCB (Canada Child Benefit)	Tax-free monthly payment to Canadian families for children under 18
CESG (Canada Education Savings Grant)	20% government match on RESP contributions up to $2,500/year
CRA (Canada Revenue Agency)	Canada's federal tax authority
CPP (Canada Pension Plan)	Canada's contributory pension system; funded by employee and employer contributions
DTAA (Double Tax Avoidance Agreement)	Tax treaty between India and Canada preventing double taxation
FEMA (Foreign Exchange Management Act)	Indian law governing foreign exchange transactions for NRIs
FHSA (First Home Savings Account)	Canadian account combining RRSP deductibility and TFSA withdrawals for first home
Form 10F	Indian declaration to claim DTAA benefit with Indian payers
Form 15CA/15CB	Indian forms required to remit money from India to Canada
Form 16A	TDS certificate issued by Indian banks showing tax deducted at source
ITIN (Individual Taxpayer Identification Number)	US tax identification number (only relevant if you have US tax obligations)
LRS (Liberalised Remittance Scheme)	RBI framework allowing Indian residents to remit up to USD 250,000/year abroad
NAV (Net Asset Value)	Price per unit of a mutual fund
NRE (Non-Resident External Account)	Indian bank account for foreign earnings; fully repatriable; NRE interest tax-free in India
NRI (Non-Resident Indian)	An Indian citizen or PIO residing outside India, under FEMA definition

Term	Definition
NRO (Non-Resident Ordinary Account)	Indian bank account for Indian-source income; restricted repatriation; interest taxable in India
OAS (Old Age Security)	Canadian government pension starting at age 65, based on years of Canadian residency
OCI (Overseas Citizen of India)	Lifelong Indian visa for foreign nationals of Indian origin
PE (Permanent Establishment)	Fixed place of business in a country; triggers business profit taxation in that country
PFIC (Passive Foreign Investment Company)	US tax concept; Indian mutual funds are analogized to this in Canada for reporting purposes
PAN (Permanent Account Number)	Indian tax identification number
POEM (Place of Effective Management)	Determines where a company is taxable; based on where key decisions are made
PPF (Public Provident Fund)	Indian government-backed savings scheme with 15-year tenure; tax-free in India
PR (Permanent Resident)	An immigrant who has been granted permanent residency in Canada
RESP (Registered Education Savings Plan)	Canadian tax-deferred account for education savings; attracts CESG government grants
RRIF (Registered Retirement Income Fund)	RRSP converts to RRIF by age 71; minimum withdrawals required annually
RRSP (Registered Retirement Savings Plan)	Canadian tax-deductible retirement savings account
SIN (Social Insurance Number)	Canada's personal identification number for tax and government purposes
T1 Return	Canadian individual income tax return filed annually
T1135	Canadian foreign income verification form; required when foreign property exceeds $100,000 CAD
TFSA (Tax-Free Savings Account)	Canadian tax-free investment account; all growth and withdrawals are tax-free
TRC (Tax Residency Certificate)	CRA-issued document proving Canadian tax residency; used with Indian payers for DTAA claims
TDS (Tax Deducted at Source)	Indian income tax withheld at source by payers
VDP (Voluntary Disclosures Program)	CRA program allowing taxpayers to correct past errors with reduced penalties

Chapter 31: Provincial Differences — Where You Live in Canada Matters

Canada is a federation of 10 provinces and 3 territories. For Indian immigrants, the province you settle in significantly affects your income tax rates, available credits, and overall financial picture. This chapter covers the key differences.

Ontario — The Most Common Destination

Ontario receives the largest share of Indian immigrants. Toronto and the Greater Toronto Area (GTA) are home to the largest Indian-Canadian community. Ontario's financial characteristics:

- Provincial income tax: 5.05% to 13.16% (on income above $220,000)
- HST (Harmonized Sales Tax): 13% on most goods and services
- 3-month OHIP waiting period for new immigrants
- Ontario Trillium Benefit: up to $1,248/year for lower-income earners
- Ontario Child Benefit: additional child support for lower-income families
- Land Transfer Tax: 0.5% to 2.5% of property value (Toronto also charges a municipal LTT)

TORONTO LAND TRANSFER TAX
If you buy a home in the City of Toronto, you pay BOTH Ontario Provincial Land Transfer Tax AND Toronto Municipal Land Transfer Tax. On a $1 million home, the combined LTT can exceed $32,000. Factor this into your home-buying budget.

British Columbia — High Cost, High Quality

BC — particularly Metro Vancouver — is the second most popular destination for Indian immigrants. Financial characteristics:

- Provincial income tax: 5.06% to 20.5% (among Canada's highest on high incomes)
- GST only (5%) — no provincial HST
- No OHIP waiting period — MSP (Medical Services Plan) coverage from day one
- BC Property Transfer Tax: 1% to 3% (5% on foreign buyers — does NOT apply to PRs/citizens)
- BC Home Owner Grant: reduces property tax on primary residence

Vancouver real estate is among the most expensive in North America. Indian professionals often choose Surrey, Burnaby, or the Fraser Valley for more affordable housing while still being in Metro Vancouver.

Alberta — No Provincial Income Tax on Salary

Alberta is increasingly attracting Indian immigrants, particularly engineers and IT professionals, due to its oil-and-gas-driven economy and unique tax structure:

- Provincial income tax: flat 10% (up to $148,269 threshold, then higher for top earners)
- NO provincial sales tax — GST only at 5%
- No MSP waiting period
- Lower housing costs than Toronto or Vancouver (though Calgary and Edmonton have risen)

Alberta's no-PST environment means your after-tax take-home is genuinely higher for equivalent salaries compared to Ontario. A $120,000 salary in Alberta nets approximately $8,000 more annually in combined tax savings versus Ontario.

Quebec — The Distinct Society

Quebec has a large Indian community centered in Montreal. Important financial differences:

- Quebec files a SEPARATE provincial return in addition to the federal T1 — two returns every year
- Provincial income tax: 14% to 25.75%
- QST (Quebec Sales Tax): 9.975% — combined with federal GST totals 14.975%
- 3-month waiting period for RAMQ (Quebec health insurance)
- Quebec has its own pension plan (QPP) instead of CPP
- Daycare: Quebec's subsidized childcare ($10–$15/day) is transformative for families with young children

Comparing Provinces: Net Income on $100,000 Salary

Province	Provincial Tax on $100K	Approx Net (incl. federal)
Province	Est. Provincial Tax	Net Take-Home (approx)
Alberta	$10,000	$72,000
Ontario	$11,800	$70,200
British Columbia	$11,200	$70,800
Quebec	$19,600	$62,400
Saskatchewan	$10,500	$71,500
Manitoba	$13,200	$68,800

Note: These are illustrative approximations. Actual figures depend on deductions, credits, and filing status. Federal tax is the same across all provinces.

Action Items — Chapter 31

262. If you have a choice of province, factor provincial income tax, housing costs, and services into your decision — not just the job offer.
263. If in Quebec, ensure you understand the dual-filing requirement and find a CPA familiar with both federal and Quebec provincial returns.
264. If in Ontario and buying in Toronto, budget for the combined Land Transfer Tax.

Chapter 32: Currency Risk and Exchange Rate Management

As an Indian-Canadian with assets and income in both countries, you are constantly exposed to currency risk — the risk that changes in the INR/CAD exchange rate will affect the real value of your Indian assets and remittances.

Understanding INR/CAD Dynamics

Historically, the Indian Rupee has depreciated against the Canadian Dollar over multi-decade periods. In 2000, approximately Rs. 30 bought one CAD. By 2024, it takes approximately Rs. 61. This long-term trend has important implications for Indian-Canadians:

- Indian assets, when measured in CAD, lose real value over time simply from currency depreciation
- Money you keep in Indian NRE/NRO accounts is exposed to this depreciation
- Conversely, money you send from Canada to India buys more rupees over time as the rupee weakens

The Real Cost of Currency Depreciation

Suppose you hold Rs. 50 lakh (approximately $82,000 CAD at Rs. 61/CAD) in an Indian FD earning 7% annually. After one year your balance is Rs. 53.5 lakh. But if the rupee has depreciated by 3% to Rs. 62.8/CAD, your Rs. 53.5 lakh is now worth $85,191 CAD — a CAD gain of only 3.9% despite a 7% nominal return in India.

After subtracting Canadian income tax on the interest (say 43% marginal rate), your after-tax CAD return on the Indian FD might be only 1.5–2% — less than a Canadian TFSA earning the same 7% Canadian rate completely tax-free.

THE CURRENCY MATH

When evaluating Indian FD returns vs. Canadian alternatives, always calculate the CAD-equivalent after-tax return. For high-income Canadians (marginal rate 43%+), the Indian FD tax exemption benefit is erased by Canadian taxes, AND you still bear rupee depreciation risk. Canadian registered accounts (RRSP, TFSA) are usually superior for wealth building.

Strategies to Manage Currency Risk

1. FCNR Accounts for Large Rupee Deposits

An FCNR (Foreign Currency Non-Resident) account denominates your Indian deposit in CAD (or USD, GBP, etc.). You eliminate rupee risk entirely. The interest rate will be lower than a rupee FD, but you have certainty about the CAD value.

2. Transfer Strategically, Not on a Schedule

Instead of sending money to India on a fixed monthly schedule regardless of the exchange rate, consider maintaining a queue of planned transfers and executing them when the rate is favorable. Rupee depreciation episodes (often triggered by global risk-off events) can offer Rs. 63–65 per CAD vs. the typical Rs. 60–61.

3. Repatriate Indian Assets Progressively

Rather than holding large INR balances indefinitely in India, repatriate progressively as Indian obligations allow. Indian FD interest accrues, but so does currency exposure. A clear repatriation plan reduces the risk of a large sudden rupee depreciation eroding a major asset.

4. Natural Hedging Through Indian Obligations

If you have ongoing INR-denominated obligations in India — home loan EMIs, LIC premiums, family support payments — these naturally consume your Indian income flows and reduce the amount sitting exposed to currency risk. Well-calibrated natural hedges can be better than active currency management.

Remittance Timing for Family Support

Many Indian-Canadians send fixed amounts monthly to parents or in-laws in India. A simple optimization: instead of sending a fixed CAD amount monthly, consider building a small INR buffer in India (3–6 months of Indian expenses) and topping it up when the exchange rate is favorable.

Chapter 33: Taxes on Retirement — Planning Your India-Canada Retirement Income

If you came to Canada in your 30s or 40s, your retirement will likely be funded by a combination of Canadian and Indian sources. Planning this cross-border retirement income stream well in advance is one of the highest-value financial exercises you can do.

Your Potential Retirement Income Sources

Source	Tax Treatment
Income Source	Country / Tax Treatment
CPP (Canada Pension Plan)	Canada — taxable in Canada; starts as early as 60, full at 65, max at 70
OAS (Old Age Security)	Canada — taxable in Canada; starts at 65; partial if less than 40 years in Canada
RRSP/RRIF withdrawals	Canada — fully taxable in Canada at your marginal rate in retirement
TFSA withdrawals	Canada — completely tax-free
Indian rental income	Both countries — taxable in both, DTAA credit applies
Indian dividends	Both countries — India withholds TDS, credit in Canada
Indian pension / annuity (NPS)	Both countries — NPS annuity taxable in India; reportable in Canada with credit
EPF/PPF (if not withdrawn earlier)	India — exempt in India; taxable in Canada if received as Canadian resident
Canadian employer pension (DB/DC)	Canada — fully taxable in Canada

The Income-Splitting Advantage in Retirement

Canada's pension income-splitting rules allow you to split up to 50% of eligible pension income (RRIF withdrawals, employer DB pension) with your spouse for tax purposes. This can significantly reduce the household's combined tax bill if one spouse has a higher income than the other.

For Indian-Canadian couples where one spouse has a much larger RRSP/pension than the other — often the husband who worked full-time in Canada while the wife worked part-time or managed the household — pension income splitting is a powerful tool.

Optimal RRSP Withdrawal Strategy

The conventional wisdom to delay RRSP/RRIF withdrawals as long as possible to maximize tax-deferred growth is not always correct for Indian-Canadians with Indian income. Consider:

- If you will receive significant Indian rental income in retirement, your marginal rate may still be high — RRSP withdrawals in those years will be taxed heavily
- Selling Indian property before retirement and deploying proceeds into RRSP while income is lower may be more tax-efficient
- RRSP meltdown strategies (systematic RRSP withdrawals in lower-income years before OAS and CPP begin) can reduce the total lifetime tax burden

The OAS Clawback — Foreign Income Counts

OAS is subject to a clawback (technically called the OAS Recovery Tax) if your net income exceeds approximately $90,997 (2024). For every dollar above this threshold, 15 cents of OAS is clawed back.

Indian income — rental income, dividends, NPS annuity — counts toward this threshold. An Indian-Canadian retiree receiving $30,000 CAD in Canadian OAS/CPP/RRIF income PLUS $25,000 CAD equivalent in Indian rental income may have their OAS partially clawed back.

Strategies to reduce the clawback: contribute to RRSP in high-income years to create a deduction; use TFSA rather than taxable accounts for new savings; time Indian property sales in years when other income is lower.

Death and Indian Assets in Retirement

If you pass away as a Canadian resident, your estate pays Canadian departure/deemed disposition tax on appreciated assets including Indian assets. Indian assets will also go through Indian succession. Having both a Canadian and Indian estate plan, as described in Chapter 28A, is especially important if your Indian portfolio has grown significantly.

Chapter 34: Avoiding the 10 Most Costly Mistakes

This chapter consolidates the most expensive mistakes made by Indian-Canadians in cross-border financial management. Awareness is the first step to avoidance.

Mistake 1: Missing T1135 in the First Year

The most common and most expensive mistake. If your Indian property (accounts, shares, real estate, FDs) exceeded $100,000 CAD at any point in your first calendar year in Canada, T1135 was required. Penalties for missing it are severe and the CRA is increasingly identifying non-filers through CRS data sharing.

Solution: In your first year, compile all Indian assets and convert to CAD at arrival-date exchange rates. If the total exceeds $100,000 CAD, T1135 is mandatory. Do this with your first Canadian tax return.

Mistake 2: Not Reporting NRE Account Interest

Many Indians believe NRE interest is exempt from tax — it is, in India. But Canada taxes worldwide income. NRE interest is fully taxable in Canada. This is the most universally missed income item for Indian-Canadians.

Solution: Collect your NRE interest statements every year and include them in your Canadian return as foreign investment income.

Mistake 3: Holding Indian Mutual Funds as a Canadian Resident

The Foreign Investment Entity rules make Indian mutual funds an annual tax reporting burden. Most Indian-Canadians who hold them are unaware they must include mark-to-market gains annually even without selling.

Solution: Redeem all Indian mutual funds before or very shortly after becoming a Canadian resident. Deploy proceeds in Canadian registered accounts.

Mistake 4: Wrong TDS Rate on Indian Accounts

Without Form 10F and a Tax Residency Certificate, Indian banks deduct TDS at 30% on NRO account interest. With the DTAA declaration, the rate drops to 15%. On Rs. 20 lakh of interest, this is a Rs. 3 lakh difference per year.

Solution: Provide Form 10F and your CRA-issued Tax Residency Certificate to every Indian bank each year to ensure the 15% treaty rate applies.

Mistake 5: Not Getting Property Valuations Before Departure

Without a registered valuer's report for Indian real estate on the date of Canadian residency, you lose the stepped-up cost basis benefit. If you later sell the property, Canada will tax the entire gain from original purchase — not from the arrival date.

Solution: Get registered valuer reports for all Indian properties before your departure date. This one action can save hundreds of thousands of rupees in Canadian tax.

Mistake 6: Depositing Indian-Source Income into NRE Account

Rental income, dividends, and Indian salary deposited into an NRE account is a FEMA violation. NRE accounts are only for foreign-source income remitted from abroad.

Solution: Set up an NRO account for all Indian-source income. NRE is only for money you earn in Canada and send to India.

Mistake 7: Ignoring the POEM Risk for Indian Businesses

If you own an Indian private company and continue running it from Canada after your move, the Place of Effective Management may shift to Canada — potentially making the Indian company liable for Canadian corporate tax.

Solution: Structure board meetings, decision-making, and day-to-day management to keep effective management in India if the company is to remain an Indian entity.

Mistake 8: Not Building Canadian Credit Immediately

Without Canadian credit history, you cannot get a mortgage, car loan, or even a decent rewards credit card. Some immigrants delay getting a credit card thinking they will manage with cash and debit — every month without a credit card is a wasted month of credit-building.

Solution: Apply for a secured credit card in Week 1. Use it for groceries and gas. Pay in full every month. Start building Day 1.

Mistake 9: Missing the CESG for RESP

Every year you delay opening an RESP for your child, you leave a $500 government grant on the table (20% match on the first $2,500 contributed). CESG is not retroactively available — you cannot catch up by contributing more in later years (only $500/year can be caught up, with a lifetime catch-up limit).

Solution: Open an RESP in the year your child arrives in Canada, or in the year of birth if born in Canada. Start contributing $2,500/year immediately.

Mistake 10: No Canadian Will

Dying without a will in Canada means your assets pass under provincial intestate succession laws — which may not match your wishes and will definitely be slower and more expensive. Without a will, a court appoints an administrator; the process is public; potential family disputes arise.

Solution: Get a basic Canadian will within your first 1–2 years in Canada. For most people, a straightforward will costs $400–$800 at a law firm. The cost of dying intestate is orders of magnitude higher.

Chapter 35: The India-Canada Financial Timeline — A Visual Overview

This chapter presents a comprehensive timeline showing what happens financially at each stage of the India-Canada journey, from pre-departure through full financial integration.

Year -1 to Departure: Pre-Move Preparation

Action	Why
Action	Why It Matters
Complete asset inventory with valuations	Establishes Canadian cost basis for all assets
Redeem Indian mutual funds	Avoids PFIC/FIE reporting complexity as Canadian resident
Withdraw EPF (if 5-year service)	Tax-free in India; avoid complex Canadian reporting
Convert savings accounts to NRO	FEMA compliance; prevents violations
Open NRE account	Ready for future CAD-to-India remittances
Obtain Power of Attorney for family in India	Enables ongoing Indian financial management remotely
Review and update all nominations	Simplifies estate administration if needed
Execute Indian Will	Protects Indian asset distribution
Clear all high-interest debts	Reduces Indian financial obligations
Obtain registered valuations for real estate	Critical for Canadian step-up cost basis

Year 1: Arrival and Foundation

Action	Timeline
Action	Timeline
Apply for SIN	Week 1
Open Canadian bank account	Week 1
Apply for secured credit card	Week 1
Register for provincial health insurance	Week 1

Action	Timeline
Apply for Canada Child Benefit (if children)	Month 1
Open TFSA and begin investing	Month 1–2
Open FHSA (if first-time buyer)	Month 1–2
Engage Canadian CPA	Month 1–3
Provide Form 10F to Indian banks	Month 1–3
File T1 + T1135 (arrival year)	By April 30 of Year 2
File Indian NRI ITR for departure year	By July 31 (India)
Obtain Tax Residency Certificate from CRA	After first T1 filing

Years 2–5: Building Canadian Financial Life

Action	Goal
Action	Goal
Maximize RRSP contributions annually	Build retirement savings; reduce current taxes
Contribute to RESP annually	Capture full CESG grant of $500/year per child
Build emergency fund (3–6 months)	Financial security buffer
Build credit score to 720+	Enable mortgage, better rates
Review Indian property — rent, sell, or hold?	Simplify cross-border complexity
Repatriate Indian FD proceeds progressively	Reduce foreign reporting burden; invest in Canada
Continue annual T1 + T1135 filings	Compliance
Continue annual Indian ITR filing	Compliance; TDS refunds
Apply for Canadian citizenship (after 3 years PR)	Full rights; OCI eligibility
Apply for OCI after Canadian citizenship	Maintain Indian access rights

Years 5–15: Advanced Optimization

Action	Goal
Action	Goal
Buy first home	Equity building; stability
Review life and disability insurance	Protection for growing family
Prepare Canadian Will and Powers of Attorney	Estate planning
Review Indian property for potential sale	Simplify estate; deploy capital in Canada
Reassess RRSP vs. TFSA balance	Optimize for retirement income
Review OCI and Indian banking arrangements	Simplify if Indian connections diminishing
Prepare coordinated Canadian + Indian estate plan	Protect family across both countries
Consider Canadian real estate investment	Wealth building in local market

Chapter 36: Frequently Asked Questions

These are the questions most commonly asked by Indian-Canadians navigating cross-border finances. Answers are necessarily brief — refer to the relevant chapter for full context.

Q1: I opened my NRE account after arriving in Canada. Does that mean my NRE interest was always tax-free?

No. NRE interest has always been tax-free in India — but as a Canadian resident, it is taxable in Canada regardless of when the NRE account was opened. Your Canadian tax obligation on NRE interest begins from the date you became a Canadian tax resident.

Q2: My parents gifted me Rs. 50 lakh. Do I pay tax in Canada?

No, Canada does not tax gifts received. The money itself is not income. However, you must report the NRO account (or NRE account) that holds those funds on T1135 if your total foreign property exceeds $100,000 CAD. Future interest earned on that money is Canadian income.

Q3: Can I still invest in Indian stock markets as an NRI?

Yes, but you need an NRI-designated demat and trading account linked to your NRO (for non-repatriable) or NRE (for repatriable) account. Most Indian brokers offer NRI accounts. As a Canadian resident, your gains from Indian stocks are taxable in Canada from your step-up cost basis, with credits for Indian TDS.

Q4: Do I need to pay capital gains tax in India when I sell my flat after moving to Canada?

Yes. India taxes capital gains on Indian real estate regardless of whether the seller is a resident or NRI. The buyer must deduct 20% TDS on the sale value. You file an Indian ITR to calculate actual capital gains tax (which may be less than the TDS) and claim a refund for excess TDS. You also report the gain in Canada from your step-up cost basis.

Q5: My employer has a pension plan in Canada. Does it conflict with my EPF from India?

No conflict. They are separate systems. Your Canadian employer pension builds CPP entitlement and any workplace pension separately. Your Indian EPF is a separate retirement asset. The only interaction is that both must be disclosed on Canadian returns — EPF annual interest may need to be reported in Canada, and EPF withdrawals received as a Canadian resident are Canadian income.

Q6: My spouse is in India with our children. Am I still considered a Canadian tax resident?

This is one of the most contested residency questions. If your family is in India and you have minimal ties in Canada (renting a room, no home of your own), the CRA may or may not consider you a full Canadian resident. The key factors are: do you have a dwelling in Canada, a spouse in Canada, and dependants in Canada? If your significant ties are all in India, you may be a Canadian non-resident for tax purposes — which has major implications. Get professional advice for this situation.

Q7: I missed T1135 for two years. What should I do?

Consult a CPA immediately about the Voluntary Disclosures Program (VDP). If CRA has not yet contacted you about this, VDP allows you to come forward, pay the taxes owed, and have most penalties waived. The cost of a VDP application is far less than the penalties for T1135 non-filing — especially if two years have passed (the late penalty increases significantly after 24 months).

Q8: Is my Indian LIC policy value reportable on T1135?

Yes, if the policy has a cash surrender value and the combined value of all your foreign property exceeds $100,000 CAD. The CSV of a LIC endowment, money-back, or ULIP policy is a foreign investment asset that must be reported. Pure term insurance policies with no CSV are not reportable.

Q9: My company transferred me to Canada on an ICT work permit. My Indian employer still pays part of my salary to my Indian account. How do I handle this?

You must report your total worldwide income — both the Canadian and Indian portions — on your Canadian T1 return. Claim foreign tax credit for any Indian TDS on the Indian salary. You should also notify your Indian employer of your NRI status so they adjust their TDS calculations. The Indian salary portion, once you are a Canadian resident, may not be subject to Indian TDS if the work is being performed entirely from Canada.

Q10: When is the right time to sell my Indian property?

There is no universal right time — it depends on: Indian property market conditions, your ongoing need for the property or its rental income, your readiness to go through the sale process from abroad (PoA required), the TDS repatriation timeline, and your comparative investment returns in India vs. Canada. What is clear is that holding Indian property indefinitely as a Canadian resident creates ongoing reporting obligations, rental income tax complexity, and estate planning challenges. A review every 2–3 years is wise.

Chapter 37: Special Topic — Children Born in Canada

For Indian immigrants who have children after arriving in Canada, there is a unique set of financial and legal considerations. Canadian-born children occupy a special position between two cultures and two legal systems.

Canadian Citizenship at Birth

Every child born in Canada is automatically a Canadian citizen, regardless of the parents' immigration status. There is no registration requirement — the birth certificate from the provincial vital statistics office serves as proof of citizenship.

Indian Citizenship and OCI for Canadian-Born Children

Since Canada allows dual citizenship but India does not, a Canadian-born child of Indian-origin parents is NOT automatically an Indian citizen. They can apply for an OCI card — which gives them lifelong visa-free access to India and the right to hold NRI-category bank accounts and investments.

To obtain OCI for a Canadian-born child: apply at the Indian Consulate with the child's Canadian birth certificate and passport, proof of Indian origin of the parents (Indian passport or OCI card), and the requisite application form and fees.

Financial Planning for Canadian-Born Children

RESP — Open Immediately After Birth

Open a Registered Education Savings Plan within the first few months after your child's birth. The Canada Education Savings Grant (CESG) of $500/year is available from the year the child is born. A child who has a $2,500/year contribution from birth to age 17 will accumulate approximately $90,000–$120,000 by the time they start post-secondary education (at 7% average return, including the CESG grants).

Canada Learning Bond (CLB)

Lower-income families are additionally eligible for the Canada Learning Bond — a government grant of $500 in the first year and $100/year thereafter, with no RESP contribution required. This is money the government gives into your child's RESP just for being eligible. If your family net income is below approximately $50,000, check if your children qualify.

Disability Savings for Children with Disabilities

If your child has a qualifying disability, the Registered Disability Savings Plan (RDSP) provides exceptional government support — up to $90,000 in government grants and bonds over the lifetime of the plan. Disability status is established through the CRA's Disability Tax Credit (DTC) application.

Teaching Financial Literacy — The Two-Culture Advantage

Indian-Canadian children grow up with access to both Indian frugality and savings culture AND Canadian financial infrastructure. Parents who discuss money openly — savings rates, the RRSP, the value of compound interest, the importance of credit scores — give their children an enormous head start. Consider opening a TFSA for your child when they turn 18 and making an initial contribution as a birthday gift.

Chapter 38: Your First Five Years — Month by Month Financial Milestones

This detailed month-by-month guide is the most actionable part of this book. Each milestone corresponds to a chapter where you will find full context.

Year 1

Month	Milestone
Month	Key Financial Milestone
Month 1	SIN application, Canadian bank account, secured credit card, provincial health card application
Month 1	Apply for Canada Child Benefit (RC66) if you have children
Month 1	Set up Wise account for India remittances
Month 2	Open TFSA — begin with a simple all-in-one ETF
Month 2	Open FHSA if planning to buy a home within 15 years
Month 2	Contact Indian banks with NRI status notification; obtain Form 10F process
Month 3	Engage Canadian CPA with India-Canada cross-border experience
Month 3	Begin emergency fund savings — target 3 months expenses
Month 4	Review NRE/NRO account structures with Indian bank
Month 6	Check credit score (Borrowell or Credit Karma) — target approaching 650 by Month 6
Month 8	Collect Form 16A from all Indian banks (after Indian FY end March 31)
Month 10	Begin preparing T1 return documents — Indian income, TDS certificates, exchange rates
Month 12	First Canadian T1 return filed (by April 30 of Year 2) with T1135

Year 2

Month/Period	Milestone
Month	Key Financial Milestone
Year 2 Q1	Receive first Notice of Assessment — check RRSP contribution room
Year 2 Q1	Open RRSP and contribute up to your available room
Year 2 Q2	Obtain Tax Residency Certificate from CRA — provide to Indian banks
Year 2 Q2	File Indian ITR as NRI for the full first NRI year
Year 2 Q3	Review Indian FDs — consider repatriation as they mature
Year 2 Q3	Apply for Canadian citizenship (if 3-year physical presence as PR reached)
Year 2 Q4	Review Indian real estate — decide rent/hold/sell strategy
Year 2 Q4	Review insurance: life, disability, dental coverage adequate?
Year 2 End	Credit score should be approaching 700+

Years 3–5 Key Milestones

Year	Key Milestone
Year	Key Milestone
Year 3	Apply for Canadian citizenship (if not done Year 2)
Year 3	Apply for OCI after Canadian citizenship
Year 3	Get mortgage pre-approval if planning to buy home in Year 3–4
Year 3	Build RRSP to at least 2 years of contributions

Year	Key Milestone
Year 4	Buy first home — use RRSP HBP and FHSA for down payment
Year 4	Get Canadian Will and Powers of Attorney
Year 4	Review Indian property — most Indian-Canadians find this the right time to sell if they plan to stay in Canada
Year 5	RRSP and TFSA well-established; strong Canadian credit history
Year 5	Full financial integration: Canadian financial life primary, Indian assets simple and well-managed

Chapter 39: Digital Tools and Apps for Cross-Border Financial Management

Managing finances across two countries from a smartphone and laptop is not only possible in 2026 — it is expected. This chapter covers the digital tools that make India-Canada financial management efficient and organized.

Canadian Banking Apps

All major Canadian banks offer comprehensive mobile apps. For cross-border management, look for:

- RBC Mobile — strong international wire transfer functionality; RBC has partnerships with Indian banks through correspondent arrangements
- TD Mobile — straightforward interface; TD EasyWeb for detailed account management
- Scotiabank Mobile — StartRight tracking features for newcomers; good RRSP/TFSA management
- Tangerine / EQ Bank — online-only banks with higher interest rates on savings; no fee accounts

For investments, Wealthsimple and Questrade offer mobile apps with TFSA, RRSP, FHSA, and RESP account management. Both have commission-free ETF trading.

India Banking Apps for NRIs

- HDFC Bank NRI App — robust NRE/NRO/FCNR management; international SWIFT transfers; FD management
- ICICI Bank iMobile — strong for NRIs; Form 16A download; NRI service center
- SBI YONO — State Bank of India's digital platform; widely used; NRI portal available
- Kotak NRI Banking App — clean interface; good FD and investment management for NRIs

Remittance Apps

App	Best For
App	Best For
Wise (TransferWise)	Best mid-market rates; transparent fee structure; CAD to INR
Remitly	Speed options (Express same-day); good for urgent transfers

App	Best For
Instarem	Competitive rates; strong India corridor
XE Money Transfer	Large transfers; competitive on $10,000+
Western Union	Widely accessible; not the best rates but reliable
CIBC Global Money Transfer	In-app from CIBC account; convenient but less competitive rates

Tax and Accounting Tools

- Wealthsimple Tax — free Canadian T1 filing; handles T1135 in paid version; auto-fills from CRA MyAccount
- TurboTax Canada — comprehensive; good for complex returns with foreign income; paid version handles T1135
- CRA MyAccount — essential; check RRSP room, NOA, benefits, and file T1 online
- Income Tax India portal (incometax.gov.in) — NRI ITR filing; Form 15CA/15CB; AIS/26AS download

For tracking Indian investments and their performance, Moneycontrol and Value Research Online are widely used by NRIs to monitor Indian mutual fund and stock portfolios.

Currency Tracking

- XE.com — real-time INR/CAD rates; historical charts; rate alert notifications
- Google Finance — quick INR/CAD check; good for research
- Bank of Canada Exchange Rates (bankofcanada.ca/rates/exchange) — official rates for Canadian tax purposes

Document Management

Cross-border life generates significant documentation. A systematic digital filing system is essential:

- Create folders: Indian Tax Returns (year by year), Canadian Tax Returns (year by year), Indian Banking (Form 16A, bank statements), Property Documents, Valuation Reports
- Use Google Drive, Dropbox, or OneDrive — accessible from both countries
- Scan and upload all physical Indian documents before departure — property deeds, insurance policies, EPF records
- Keep copies of all Forms 15CA/15CB for every remittance — you may need them if the CRA asks about foreign inflows

Chapter 40: The Emotional and Psychological Side of Cross-Border Finances

Financial planning is not purely logical. For Indian-Canadians, money decisions carry deep emotional weight — family obligations, cultural expectations about home ownership and generosity, anxiety about leaving behind what you built in India, and the stress of learning a completely new financial system.

The Weight of Family Financial Obligations

Many Indian professionals who move to Canada continue to support their parents in India. This is not just a financial transaction — it is a cultural and emotional commitment. The challenge is that Canadian financial planners often do not factor this ongoing outflow into retirement projections, while Indian family members may not fully appreciate the Canadian cost of living and tax burden.

A practical approach: quantify your Indian family support as a fixed line item in your Canadian budget. If you send Rs. 30,000 per month to India (approximately $500 CAD/month), that is $6,000/year — factor it into your RRSP contribution capacity and retirement projections.

The "Keep the Flat Just in Case" Trap

Almost every Indian immigrant keeps their Indian flat "just in case" — in case the move to Canada does not work out, in case they want to retire in India someday, in case the children want to settle in India. Years turn into decades, and the flat sits, generating modest rental income, creating annual reporting complexity, and tying up capital that could be compounding in Canada.

There is no judgment here — keeping Indian real estate can be entirely rational. But it should be a deliberate decision, not a default. Once every 2–3 years, ask: "If I did not already own this property, would I buy it today at this price, knowing all the management and tax complexity?" If the answer is no, consider selling.

The Guilt of Moving to Canada

Some Indian-Canadians carry guilt about leaving aging parents behind, taking the "easy" path by emigrating, or building wealth in Canada while family in India struggles. This guilt can lead to over-remittances (sending more than is financially wise) or under-investing in Canada because it "feels like" abandoning India.

A healthy financial perspective: building a strong Canadian financial life makes you a better long-term support for your Indian family, not a worse one. A financially stable Canadian-based family member can provide support for decades. A financially stressed one cannot. Invest in your Canadian financial foundation first.

Managing Anxiety About the Unknown

Cross-border financial complexity is genuinely anxiety-inducing. The T1135, the DTAA, the PFIC rules — these are not casual topics. Many Indian-Canadians avoid dealing with their Indian finances precisely because the rules feel overwhelming.

The solution is not to understand everything yourself — it is to build a trusted advisory team (Chapter 28) and then trust them. You do not need to become an expert in Canadian and Indian tax law. You need to know enough to ask the right questions, recognize the key risk areas, and verify that your advisors are covering them.

This book has given you that knowledge. The anxiety of the unknown is replaced by the confidence of the informed.

Chapter 41: Connecting with the Indian-Canadian Community

One of the most valuable resources available to Indian-Canadians navigating cross-border finance is the community itself. Thousands of Indians have made the same journey and learned the same lessons — many of them the hard way. Connecting with community networks accelerates your learning curve and can save you real money.

Where the Community Gathers

Online Communities

- Canada Immigration Forum on Reddit (r/ImmigrationCanada) — active; good for general questions
- r/PersonalFinanceCanada — excellent for Canadian-specific financial questions
- NRI forums on various Indian platforms — IndusLadies, Expatexchange
- Facebook groups: Indian Professionals in Canada (Toronto), Indian Community in Vancouver, etc.
- LinkedIn groups: South Asian Professionals in Canada

In-Person Community

- Indian-Canadian cultural associations (in most major Canadian cities)
- Temple and gurudwara communities — often have informal networks of accountants, lawyers, and advisors
- Professional associations: NASSCOM Canada, TiE (The Indus Entrepreneurs) — Toronto, Vancouver, Calgary chapters
- Indian Chamber of Commerce chapters in Canadian cities

Finding the Right Professionals Through Community

The Indian-Canadian community is one of the best sources for referrals to CPAs with India experience, immigration lawyers, mortgage brokers familiar with newcomer situations, and real estate agents who understand the Indian community's preferences and financial situation.

Ask specifically for someone who has worked with multiple clients from India who have both Canadian and Indian financial assets. This specialty is narrow enough that word-of-mouth referrals are the most reliable path.

Contributing Back to the Community

As you navigate your own India-Canada financial journey and build knowledge, consider sharing your experiences. Write a review for a helpful CPA. Share your experience in the Reddit forums.

Mentor a newer immigrant through your temple or cultural association. The information gap that this book tries to address is real — every person who shares their knowledge helps close it for the next family.

Chapter 42: Advanced Topics — Trusts, Holding Companies, and Complex Structures

This chapter is for Indian-Canadians with significant wealth — those managing multiple properties in India, business interests across both countries, or inter-generational wealth transfers. It introduces advanced structures that may be worth exploring with specialized advisors.

The Indian HUF (Hindu Undivided Family) — What Happens When You Move

Many traditional Indian families hold assets through a Hindu Undivided Family (HUF) structure — a tax planning entity under Indian law. If you are a Karta (head) of an HUF and move to Canada, the HUF itself remains an Indian entity. Income from the HUF in India is taxable in India separately. Your share of HUF distributions may need to be reported in Canada.

The CRA's view on HUFs is not well-established through explicit guidance. The conservative position: distributions to you as an individual from the HUF are reportable as foreign income in Canada. The HUF's underlying assets may also need T1135 disclosure if you have a beneficial interest and the assets exceed the threshold.

If you have an HUF with significant assets, seek advice from a CA and CPA experienced in HUF structures — this is a niche intersection with limited public guidance.

Canadian Holding Companies — Useful for Some

If you run a professional practice (doctor, lawyer, consultant) or a business in Canada, incorporating a holding company can be a valuable tax-planning tool. Business income taxed at the small business corporate rate (approximately 12.2% federal + provincial on the first $500,000) accumulates inside the company. The funds can be invested inside the company and withdrawn strategically in lower-income years as dividends.

For Indian-Canadians with significant Indian business income flowing into Canada, a holding company structure can create additional tax planning flexibility — but requires annual corporate tax filings, bookkeeping, and compliance.

Family Trusts

A Canadian family trust can hold investments for the benefit of family members and allow income-splitting (distributions to lower-income family members who are taxed at lower rates). For Indian-Canadian families where children will eventually inherit significant assets, a family trust can reduce the overall family tax burden.

Trusts are complex and require a tax lawyer to establish and a CPA to manage annually. The compliance cost is justified only for families with substantial investable assets (typically $500,000+) and a long investment horizon.

Cross-Border Structures — Proceed with Caution

Some Indian-Canadians explore structures that involve both Indian and Canadian entities — for example, an Indian company paying a Canadian holding company for services. These structures often trigger detailed scrutiny from both the CRA and Indian tax authorities, and frequently fall foul of transfer pricing rules, PE creation rules, or POEM considerations.

The general principle: simple structures in both countries are far better than complex structures that appear to optimize tax but create regulatory risk. The compliance cost and potential penalty risk of aggressive cross-border structures typically outweigh the tax savings for most individuals.

Action Items — Chapter 42

265. If you have an HUF, document its assets and seek advice on T1135 disclosure requirements.
266. If you operate a Canadian professional practice or business, consult a CPA about whether incorporation and a holding company are beneficial.
267. For large families with wealth across both countries, engage a tax lawyer with cross-border experience to assess whether a family trust is appropriate.
268. Resist the temptation to implement complex cross-border structures based on informal advice — professional assessment is essential.

Chapter 43: Understanding the Canadian Cost of Living — Budgeting for Indian Families

One of the biggest shocks for new Indian immigrants to Canada is the cost of living — particularly in Toronto and Vancouver. Understanding what to budget for, and how Indian spending patterns translate to Canadian context, is essential for financial stability.

Housing — The Dominant Expense

Housing is by far the largest expense for most Canadian families, and it is substantially higher in the major immigrant destination cities than Indian professionals typically expect.

City	2BR Rental	Avg. Home Price
City	Avg. 2BR Rent/Month	Avg. Home Price (2024)
Toronto (downtown)	$2,800 – $3,500	$1.1M – $1.4M
Toronto (suburbs/GTA)	$2,200 – $2,800	$850K – $1.1M
Vancouver (Metro)	$2,600 – $3,400	$1.0M – $1.5M
Calgary	$1,800 – $2,400	$600K – $850K
Edmonton	$1,400 – $1,900	$400K – $550K
Ottawa	$2,000 – $2,600	$600K – $750K
Montreal	$1,600 – $2,200	$500K – $700K

Monthly Budget Template for a Family of Four

This template reflects typical expenses for an Indian-Canadian family of four (two working adults, two school-age children) in the Greater Toronto Area in 2024. Adjust for your city, lifestyle, and family size.

Category	Monthly Range
Expense Category	Monthly Budget (CAD)
Rent / Mortgage + Property Tax	$2,500 – $3,500
Groceries (Indian cooking typical)	$700 – $1,000
Utilities (electricity, gas, internet)	$250 – $380
Transportation (2 cars or 1 car + transit)	$800 – $1,400
Childcare / After-school programs	$500 – $2,000

Category	Monthly Range
Children's activities (sports, music, tutoring)	$300 – $800
Dining out / entertainment	$300 – $600
Clothing and personal care	$200 – $400
Insurance (home/tenant, auto, life, health)	$400 – $700
India remittances / family support	$300 – $800
RRSP / TFSA / RESP contributions	$500 – $1,500
Vacations (including India visits)	$400 – $700 (monthly avg)
Miscellaneous / emergency fund	$300 – $500
TOTAL	$7,550 – $13,280

For a dual-income household earning $150,000–$200,000 combined, this budget is manageable. For a single-income household earning under $100,000, it requires careful prioritization — particularly around housing location and childcare.

The Indian Grocery Advantage

One area where Indian-Canadian families often save significantly versus other Canadians: Indian cooking. Lentils, rice, vegetables, and spices are among the most cost-efficient foods in Canada. An Indian family cooking at home regularly can keep grocery costs well below the Canadian average. Indian grocery stores in major cities (Patel Brothers, Oceans Fresh Food Market, TNT Supermarket) provide familiar ingredients at competitive prices.

Managing the India Visit Cost

Most Indian-Canadian families visit India at least once every 1–3 years. A family of four flying Toronto to Mumbai return can cost $6,000–$12,000 CAD depending on timing and airline. Budget for this as a fixed annual savings goal — set aside $400–$700 per month to make the trip without financial stress.

The Education Investment

Indian-Canadian families typically invest heavily in children's education — tutoring, music lessons, sports, and test preparation. This is both a cultural priority and a sound investment. Canadian university costs (approximately $6,000–$15,000/year in tuition) are manageable compared to US private universities, and the RESP with CESG grants makes the funding even more accessible. Start the RESP early and contribute consistently — do not leave the government's $500/year grant on the table.

Chapter 44: Key Deadlines Reference Calendar

One of the most practical tools you can have is a complete deadlines calendar covering both Canadian and Indian filing requirements. Post this on your wall or set these as recurring calendar reminders.

Canada — Annual Deadlines

Deadline	Requirement
Deadline	What Is Due
January 1	New TFSA contribution room available (new annual limit)
March 1 (approx)	RRSP contribution deadline for previous tax year deduction
April 30	T1 personal income tax return due (for employees)
April 30	T1135 Foreign Income Verification due (same as T1)
April 30	Balance of any taxes owing due (even if filing later)
June 15	T1 due for self-employed persons (tax payment still due April 30)
Throughout year	Quarterly tax instalments if CRA has requested them (Mar 15, Jun 15, Sep 15, Dec 15)
December 31	Last day to make RRSP contribution for spousal RRSP attribution purposes
December 31	Tax year end — all income, gains, and deductions assessed to this date
December 31 (age 71 year)	Mandatory RRSP to RRIF conversion by year-end

India — NRI Annual Deadlines

Deadline	Requirement
Deadline	What Is Due

Deadline	Requirement
March 31	End of Indian financial year — collect all TDS certificates, FD interest statements
April 1	New Indian financial year begins
June 30 (approx)	Form 16A TDS certificates due from Indian banks for the completed FY
July 31	Indian ITR filing deadline for NRIs without foreign assets
October 31	Indian ITR filing deadline for NRIs with foreign assets (extended deadline)
Throughout year	Advance tax instalments if Indian income is significant (June, Sept, Dec, March)
Before any property sale	Apply for Form 13 (Lower TDS Certificate) if needed — can take 30–60 days
Before large remittance	File Form 15CA online; obtain Form 15CB from CA

SET CALENDAR REMINDERS
Create recurring annual calendar reminders for: March 1 (RRSP deadline), April 30 (T1 + T1135 due), July 31 (Indian ITR), and October 31 (Indian ITR with foreign assets). Missing these deadlines has real financial consequences.

Event-Triggered Actions (Not Date-Based)

Beyond annual deadlines, certain events trigger immediate action requirements:

Event	Action Required
Event	Required Action
Arrival in Canada	SIN application, bank account, health card — within Week 1
Change of immigration status (e.g., PGWP to PR)	Update SIN if beginning with 9; update bank records
Receiving Canadian citizenship	Apply for OCI within 90 days of oath ceremony
Sale of Indian property	File Indian ITR for that year; Form 15CA/15CB for repatriation; report Canadian capital gain

Event	Action Required
Receiving Indian inheritance	Document source of funds; T1135 assessment; no Canadian tax on receipt
Starting Canadian employment	Confirm correct CPP and EI deductions; review TD1 form
Starting self-employment in Canada	Register HST/GST number if revenues exceed $30,000; quarterly tax instalments
Having a child in Canada	RESP within first few months; CCB application; update Will
Buying Canadian home	Update T1 for first-time buyer credit; review HBP implications
Spouse arriving in Canada	T1135 reassessment; combined foreign property may exceed thresholds
Departing Canada permanently	Departure tax return; T1161; deemed disposition planning

Chapter 45: Summary of India-Canada Financial Rules — Quick Reference

This chapter condenses the key rules from the entire book into two focused reference tables. Use them for quick lookups without re-reading full chapters.

Table A — Indian Assets: Treatment in India and Canada

Asset / Topic	India (headline)	Canada (headline)
Asset / Topic	India Treatment	Canada Treatment
NRE interest	Exempt from Indian income tax for NRIs	Fully taxable as foreign interest income — no credit (no Indian TDS)
NRO interest	Taxable; default 30% TDS, reduced to 15% with Form 10F + TRC	Fully taxable; claim T2209 foreign tax credit for Indian TDS paid
FCNR interest	Exempt from Indian income tax	Fully taxable as foreign interest income
Indian mutual funds	LTCG 10% above Rs.1L; STCG 15%; TDS on redemption for NRIs	Annual FIE mark-to-market income required; REDEEM BEFORE arriving
Indian listed shares	LTCG 10% above Rs.1L; TDS at 20% on NRI gains	Step-up cost basis at arrival date; gains taxed at 50% inclusion rate
Indian real estate	NRI TDS 20% of sale proceeds; LTCG 20% with indexation	Rental income annually; capital gains on post-arrival appreciation
Indian real estate — gains	India retains taxing rights under DTAA Article 13(1)	Taxed on post-arrival gain; foreign tax credit for Indian LTCG paid
EPF / PPF / NPS	Withdrawal after 5 yrs service: exempt in India	Annual accrual OR deferred — document chosen approach; disclose on T1135
Indian FDs (NRO)	Interest taxable; TDS 30% (15% with Form 10F)	Annual accrual basis; claim TDS credit on T2209
Indian dividends	TDS 20% (15% with Form 10F)	Grossed-up and taxable; foreign tax credit for TDS
LIC maturity proceeds	Exempt in India if policy meets Section 10(10D) conditions	Taxable in Canada if received while Canadian resident

Table B — Residency, Registered Accounts, and Compliance Rules

Topic	Key Rule
Topic	Key Rule
Canadian tax residency	Under CRA practice: begins when you establish home, spouse, or dependants in Canada
T1135 — filing threshold	More than $100,000 CAD cost of foreign property at any point in the year
T1135 — Simplified Method	Cost $100K to $250K: less detail required; most new immigrants qualify for this method
T1135 — Detailed Method	Cost over $250K: full details of each property, income, and gain required
T1135 — penalties	$25/day min $100 max $2,500 (within 24 months late); severe escalation after 24 months
Form 10F	File annually with Indian banks to get 15% DTAA TDS rate vs. 30% default
Tax Residency Certificate	Obtain from CRA after first T1 filing; provide to Indian payers annually with Form 10F
Form 15CA/15CB	Required for most remittances from NRO to Canada above specified thresholds
Form 13 (India)	Apply before property sale to reduce TDS from 20% of proceeds to actual estimated tax
RRSP	18% of prior year earned income; tax-deductible; offsets Canadian tax on Indian income in year of contribution
TFSA	$7,000/year (2024); tax-free growth; room accumulates from year of Canadian residency only
FHSA + RRSP HBP	Combine both for up to $75,000 tax-advantaged first-home savings ($40K FHSA + $35K HBP)
RESP + CESG	20% government grant on first $2,500/year per child ($500/year); open immediately after arrival
OCI	Apply after Canadian citizenship oath; gives lifelong India access; no agricultural land ownership
VDP — Voluntary Disclosure	Apply before CRA contacts you; penalties substantially reduced for unreported income/T1135

Topic	Key Rule
Record keeping	Under current CRA practice: retain all foreign asset records, TDS certificates, valuations for 10 years minimum

Your Default India-Canada Financial Playbook

The book has covered dozens of specific rules and scenarios. This page distils them into a default playbook for the typical Indian professional moving to Canada. Adapt with your advisors — but this is the safest starting point for most situations.

Before Leaving India

DO THESE BEFORE YOUR DEPARTURE DATE

1. Complete full asset inventory and get registered valuations for all real estate. 2. Print share/mutual fund prices as of departure date. 3. Redeem all Indian mutual funds (avoid FIE reporting complexity in Canada). 4. Withdraw EPF if 5+ years service (tax-free in India; cleaner Canadian reporting). 5. Convert salary accounts to NRO; open NRE account. 6. Clear credit card and personal loan balances. 7. Execute India Power of Attorney for a trusted family member. 8. Update all nominations across bank accounts, demat, insurance, EPF, PPF.

Year 1 in Canada

DO THESE IN YOUR FIRST CANADIAN YEAR

1. Week 1: SIN, Canadian bank account, secured credit card, provincial health card. 2. Month 1: Apply for CCB (if children). Open TFSA. Set up Wise for India remittances. 3. Month 1-3: Engage a Canadian CPA with India-Canada cross-border experience. Provide Form 10F and TRC to Indian banks. 4. By April 30 of Year 2: File T1 arrival return AND T1135 together. Claim all foreign tax credits. 5. File Indian NRI ITR for partial departure year (by July 31 or October 31 India deadlines).

Years 2 to 5 — Simplify and Build

THE GRADUAL TRANSITION STRATEGY

1. Open RRSP and maximize contributions — RRSP deductions offset Canadian tax on Indian income inflows. 2. Review each Indian FD at maturity: renew (if funds needed in India) or repatriate (15CA/15CB process). 3. Review Indian property: set a clear decision date — keep, rent, or sell. 4. Build Canadian credit score to 720+ for mortgage eligibility. 5. Apply for Canadian citizenship at 3-year PR mark; then apply for OCI. 6. Prepare Canadian Will and Powers of Attorney. 7. Aim to have your Indian financial life clean, documented, and simply reported by Year 5.

Chapter 46: A Final Word — Building Wealth Across Two Great Countries

You have made one of the most significant decisions of your life — moving from India to Canada. With that move comes not just the opportunity of Canadian life but the complexity of managing a financial life rooted in two countries.

The readers who will benefit most from this book are those who treat it as a working document, not a one-time read. The rules change — Indian tax law evolves, Canadian budgets shift contribution limits and rates, DTAA interpretations get clarified by new CRA guidance. The landscape in 2026 is different from 2020, and 2030 will bring changes we cannot yet anticipate.

What does not change is the framework: understand your residency, know your reporting obligations, manage your Indian assets with a clear strategy, maximize your Canadian registered accounts, and build the advisory team that keeps you compliant and optimized in both countries.

The Long-Term View

Indian-Canadians are among the most financially successful immigrant groups in Canada. The combination of high educational attainment, strong work ethic, cultural savings discipline, and access to Canadian financial infrastructure creates a powerful foundation for wealth building. The families who get the cross-border financial management right early — in the first two to three years — compound that advantage over decades.

Consider what a family who arrives at age 35 and maximizes their TFSA, RRSP, and RESP from day one will have at age 65 compared to a family that waits five years to get started. The difference, at typical market returns, is hundreds of thousands of dollars. The difference between filing T1135 correctly and missing it for five years is far more in penalties, catch-up costs, and stress.

This book is your starting framework. Your team of advisors will customize it for your specific situation. The Indian-Canadian community around you will share their hard-won lessons. And your own experience, year by year, will deepen your understanding.

India Will Always Be Home

For most Indian immigrants, India never fully recedes from the heart. Parents are there. Temples, festivals, food, language, and the deep structure of personality are formed there. The financial ties — the flat, the FDs, the shares, the LIC policy — are not just financial assets. They are threads connecting you to home.

Managing those threads carefully — from a place of knowledge rather than avoidance — is one of the most meaningful acts of financial responsibility you can perform for your family on both sides of the world.

Build well. Comply fully. Plan ahead.

If this book helped you understand your options or avoid a costly mistake, please leave an honest Amazon review. Two minutes — it helps the next person in the same situation.

For a professional assessment of your specific immigration case, consider a Personal Evaluation Report (PER) with Manoj Palwe at dreamvisas.com.

With best wishes for your Canadian journey,

Manoj Palwe

RCIC R422575 | CAPIC Fellow R11592 | MIA Examination Qualified

Toronto, Canada | 2026

APPENDICES

Appendix A: Key Canadian Tax Forms Checklist

Use this checklist each year to ensure you have filed all required forms.

Form / Document	When Required
Form	Purpose and Threshold
T1 Income Tax Return	All Canadian residents — file by April 30 (or June 15 if self-employed)
T1135 — Foreign Income Verification	If foreign property cost exceeds $100,000 CAD at any point in year
Schedule T2209 — Federal Foreign Tax Credits	Any year you paid foreign income tax (Indian TDS) on income included in Canada
Schedule T1157 — Provincial Foreign Tax Credits	Complement to T2209 for provincial credits
T1161 — Emigrant's List of Properties	When you cease to be a Canadian resident (departure year)
T1 Departure Return	For the year you leave Canada permanently
T1142 — Foreign Trust Distributions	If you receive distributions from a foreign trust or estate
T1134 — Foreign Affiliate Info Return	If you own 10%+ of a foreign corporation meeting specific criteria
RC66 — Canada Child Benefit Application	Apply for CCB when eligible — not a tax form but critical
RRSP Contribution Receipt	Not a form — collect from your RRSP institution and provide to CPA

Appendix B: Indian Forms for NRIs — Quick Reference

Form	Purpose
Form	Purpose

Form	Purpose
Form 10F	Declaration to claim DTAA benefit — filed with Indian payer to get reduced TDS rate
Form 15CA	Self-declaration for remittances from India above specified threshold — filed online on IT portal
Form 15CB	CA certificate for remittances — required alongside 15CA for most repatriations
Form 13	Application for lower TDS deduction certificate — filed with Assessing Officer before property sale
Form 16A	TDS certificate issued by banks/companies to NRIs — collect from each institution annually
Form 26AS / AIS	Annual Information Statement — shows all TDS deducted, deposits, etc. Download from IT portal
ITR-2	Income Tax Return for NRIs with salary, property, capital gains, foreign income
ITR-3	For NRIs with business income in India
Form 60 / 61	Declaration in lieu of PAN — applicable in limited circumstances; avoid if you have PAN

Appendix C: Useful Contacts and Official Websites

Resource	Details
Resource	Website / Details
Canada Revenue Agency (CRA)	canada.ca/cra — for Canadian tax forms, NOA, MyAccount
CRA MyAccount	canada.ca/my-cra-account — view contribution room, file online
Bank of Canada Exchange Rates	bankofcanada.ca/rates/exchange — historical INR/CAD rates
Income Tax India	incometax.gov.in — Indian IT portal for NRI returns, Form 15CA/15CB
EPFO Unified Portal	unifiedportal-mem.epfindia.gov.in — EPF balance and withdrawal
NSDL (PAN/TAN)	tin.tin.nsdl.com — PAN application and changes
RBI NRI Services	rbi.org.in — FEMA rules and NRI banking regulations
SEBI NRI Investment	sebi.gov.in — NRI investment in Indian markets
NSE India (Share Prices)	nseindia.com — historical stock prices for cost basis documentation
Service Canada	canada.ca/service-canada — SIN applications, EI, CPP
CPA Canada (Find a CPA)	cpacanada.ca/findacpa — locate a CPA with international tax expertise
ICAI (Find a CA)	icai.org — locate an Indian Chartered Accountant
Dreamvisas	dreamvisas.com — immigration consultation and PER assessment
FP Canada (Find a Planner)	fpcanada.ca/findaplanner — locate a Certified Financial Planner
Questrade	questrade.com — discount brokerage for RRSP/TFSA/RESP
Wealthsimple	wealthsimple.com — automated investing and tax filing

A NOTE TO THE READER

Before You Close This Book

The India-Canada financial journey has two phases. The first is learning — understanding the framework, the rules, the tools, and the traps. You have just completed that phase by reading this book.

The second phase is doing — actually taking the steps, making the calls, hiring the CPA, filing the forms, opening the TFSA, getting the valuation. The gap between knowing and doing is where most financial plans stall.

Please do not let this book sit on a shelf. Act on the checklist in Chapter 29A. Find the CPA. File the T1135. Redeem the mutual funds. Open the RESP.

The Indian-Canadian community has a saying that captures the spirit of this second phase: Kal karo toh aaj karo, aaj karo toh abhi. (What you would do tomorrow, do today. What you would do today, do now.) Your financial future across two great countries begins with one action, taken today.

The Dreamvisas Practice

Through Dreamvisas and Taurus Infotek, Manoj provides immigration consulting services to Indian professionals and families seeking to move to Canada, Australia, Germany, the UK, the UAE, New Zealand, and other destinations. The practice includes:

- Personal Evaluation Reports (PER) — comprehensive assessment of an individual or family's immigration options, pathways, timelines, and risks
- Express Entry profile management and strategy
- Provincial Nominee Program applications
- Study permit and work permit applications
- Sponsorship and family class applications
- Australian visa consultations under MIA examination qualification

More information is available at dreamvisas.com, on YouTube (search Dreamvisas Manoj Palwe), and through his growing Amazon KDP library of immigration guides.

A Note on This Book

This book covers the India-Canada cross-border financial and tax landscape as of early 2026. Tax laws, contribution limits, exchange rates, and government benefit amounts change regularly. While every effort has been made to ensure accuracy, verify current figures with official sources (CRA, RBI, SEBI, Income Tax India) before making financial decisions.

The DTAA between India and Canada, the CRA's administrative positions on foreign investment entities, and the FEMA rules for NRIs are the foundational frameworks in this book. These frameworks are stable, but their application to specific situations requires professional judgment.

This book does not constitute immigration advice, tax advice, legal advice, or financial advice for your specific situation. For personalized guidance, engage the team of professionals described in Chapter 28.

If this book helped you understand your options or avoid a costly mistake, please leave an honest Amazon review. Two minutes — it helps the next person in the same situation.

For a professional assessment of your specific immigration case, consider a Personal Evaluation Report (PER) with Manoj Palwe at dreamvisas.com.

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Thank you for reading!

Best wishes for your journey.