

Checklist for Buying Real Estate in the US

- Educate yourself about the what is involved with owning real estate in another country, such as the following:
 - Income tax (How much tax, when, and how paid?)
 - Nonresident estate tax (Will it apply to you? If so, find out how to avoid.)
 - What is the best way to own the property?
 - What sort of non-tax reporting is required by Canada and the US?
- Locate an experienced cross-border tax professional.
- If necessary, have an attorney establish the proper US business entity to hold the property.
- Obtain Employer Identification Number (EIN) and/or Individual Taxpayer Identification Number (ITIN), as appropriate.
- Locate an experienced realtor that also has experience working with Canadians.
- If needed, identify lending sources.
- If renting, locate a property manager experienced with foreign buyers.
- Purchase real estate.
- If property is being rented, submit Certificate of Foreign Person's Claim That Income Is Effectively Connected with the Conduct of a Trade or Business in the United States (Form W-8ECI) to the property manager or tenant.
- Complete withholding Forms 8804, 8805, and 8813, as necessary.
- If a US entity was used to purchase the property, generally the entity must file a tax return by April 15 for corporations and March 15 for partnerships (effective January 1, 2017). A revocable living trust is not required to file a tax return; all income is reported on your individual tax return.
- If the property was rented, in nearly all cases, you will need to file US Nonresident Alien Income Tax Return (Form 1040NR) by June 15.
- File Bureau of Economic Analysis Survey of Foreign Direct Investment in the US (Form BE-15) by May 31 or by February 15 for Transactions of US Affiliate Except a US Banking Affiliate, with Foreign Parent (BE-605).
- When selling a property that exceeds \$300,000, consider the necessity of filing Application for Withholding Certificate for Dispositions by Foreign Persons of the US Real Property Interests (Form 8288-B) to reduce the withholding tax.