2020 TAX FILING SEASON NEWSLETTER

HANSON Crossborder Tax Inc.

Happy New Year and an even Happier Tax Season everyone! In the best traditions of the Hanson team, we have written this newsletter to highlight tax changes and emerging topics that will impact some or many of you during the upcoming 2020 (January 1 - December 31, 2019) tax filing season.

On the U.S. Side, we are in the second year of the Tax Cuts and Jobs Act of 2017 (TCJA), a historic and significant tax reform not seen since 1986. While most of the changes went into effect in 2018, making 2019 an interesting year for accountants, the effects of tax reform will continue for many years to come. Changes are still occurring as regulations and administrative guidance continue to be proposed or finalized, and the IRS is introducing new initiatives and programs to enforce compliance or provide amnesty.

On the Canadian side, similar to the U.S., the party in power plays a major role in tax policy changes in Canada. Since the 2019 election brought about a Liberal minority government, Canadian taxpayers aren't likely see anything as sweeping as the TCJA. We do know that tax bracket updates in 2020 will give a very small boost to the middle class, and CPP premiums and maximum pensionable earnings will increase. Certain corporations might see stock option deductions curtailed, once the provisions are finalized. The carbon tax will stay. We'll have to wait (on the edge of our seats) to see the 2020 Canadian budget proposal under this minority government, which will be released in late February. Some are expecting it to be a painful one given the ever-increasing deficit.

Wishing all of you an uneventful tax season! We hope you will rely on us for assistance!

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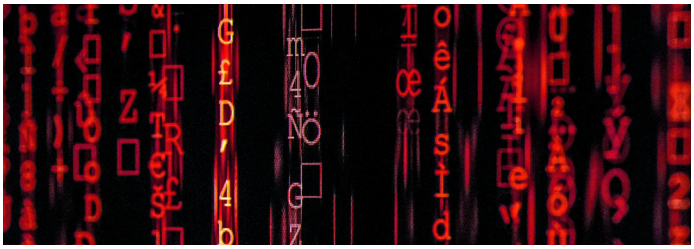


How to Stay Private in the Digital Age

In 2014, a 19-year-old hacked into the CRA in six seconds and obtained 900 social insurance numbers.

While he had no malicious intent, the subsequent four-day shutdown of the CRA's website extended the country's tax filing deadline by a week.

Due to the vulnerabilities that come with the digitization of personal information, regulations and standards are constantly being revised to protect your data. To comply with regulations and maintain client confidence, HCBT safeguards your data with the latest technologies and internal data security plans. In addition, you can limit your exposure in the following ways:

- **Do not send personal information and** sensitive documents via email. Rather, upload information using our secure link that we provide to you for this purpose.
- **Beware of out-of-context emails with** suspicious attachments that appear as though they have been sent through our office or any other agency. Do not open the attachments, and delete the emails.
- **Scammers will sometimes impersonate the** IRS/CRA using Caller ID numbers that look legitimate. Know that tax authorities would never call you with aggressive or threatening language to demand payment using a specific method such as e-transfer, prepaid debit cards or gift cards from retailers, wire transfers, Bitcoin, etc. They will not call you to ask for your personal information. They will not leave threatening voicemails.

We take your privacy seriously, and so should you.

Claim your Crypto *Because the IRS and CRA are Watching!*

In 2019, the price of Bitcoin went from a low of ~US$3,300 to a high of ~$12,500, and despite the volatility of cryptocurrencies (aka crypto), it appears they are here to stay. As of this writing, crypto has a market cap of $185B, with Bitcoin accounting for ~70%. So, it's not surprising that the IRS and the CRA recognize enormous opportunities for generating tax revenue from crypto and have stepped up their efforts to do so.

According to a July 26, 2019 IRS News Release, the IRS has sent over 10,000 "educational letters" as part of their new Virtual Compliance Campaign. The letters advise crypto holders of their reporting requirements and encourage those who failed to report their crypto earnings and pay taxes properly to amend their incorrect returns.

Not to be outdone, in 2017, the CRA established a dedicated cryptocurrency unit under its broader Underground Economy Strategy to audit crypto investors and ensure they pay their fair share of taxes.

Even if you only hold cryptos, both the IRS and the CRA want to know about it. Beginning in 2020, the U.S. Tax Return includes a question as to whether you received, sold, sent, exchanged, or otherwise acquired financial interest in virtual currency at any time during 2019. The CRA requires crypto holdings to be reported on the T1135 Foreign Income Verification Statement if the threshold has been met.

Canada and the U.S. Make Changes to Public Retirement Programs

Both Canada and the U.S. are making changes to their public retirement programs – by increasing contribution amounts!

Canada Pension Plan (CPP) Enhancement
In 2018, the percentage contribution was 4.95% each for the employee and the employer (9.9% combined) up to maximum earnings of $55,900. From 2019 to 2023, the percentage will go up gradually to 5.95% each (11.9% total), from 2024 to 2025, additional savings limits will be introduced. The maximum earnings amount will ultimately be up by 14% by 2025, resulting in the growth of CPP retirement benefits from one-quarter to one-third of average work earnings. Starting with 2019, there will be a deduction from income of the enhanced portion of the CPP contribution.

U.S. Social Security
In 2019, U.S. Social Security recipients received a 2.8% Cost of Living Adjustment (COLA) increase on payments – the largest percentage increase since 2012. The maximum annual earnings amount subject to Social Security tax also increased from $128,400 to $132,900. In 2020, the COLA is 1.6% and the maximum earnings amount is $137,700. Social Security and Medicare have a contribution rate of 7.65% each for the employer and employee (15.3% combined). The Social Security portion at 6.2% is subject to the maximums mentioned above.

If you are a Canadian who is thinking of moving to the U.S. for a job, it's important to consider the Social Security taxes you will be required to pay and whether or not you should try to qualify for the benefits, especially since the contribution amounts will only increase in future years. No one wants to waste valuable earning years paying into the U.S. Social Security system out of their own wages and have nothing to show for it in the end. In some circumstances, Canadians who move to the U.S. temporarily may remain covered under the CPP for up to five years.

Out of Country? Out of OHIP Coverage.

Effective January 1, 2020, out-of-country Ontario Health Insurance Plan (OHIP) coverage has been wound down. Prior to this, OHIP covered out-of-country inpatient services up to $400 a day for higher levels of care such as intensive care and up to $50 a day for emergency outpatient and doctor services. Expenses incurred up to and including December 31, 2019 must be submitted for reimbursement by December 31, 2020.

If you are travelling to the U.S., be sure to purchase enough coverage prior to departure. This is particularly important for snowbirds who spend many months in the U.S. or other countries during the winter.

Insured Ontario residents will continue to receive coverage for physician and hospital services when visiting or moving to another Canadian province or territory, and funding for out-of-country dialysis services is available under a Hemodialysis Reimbursement Program launched by OHIP.

New CRA Guidance on Shareholder-Employee Expenses

Do you own your own corporation in Canada and consider yourself an employee? You may be inclined to take a deduction on your personal return for Employment Expenses, such as automobile and work-space-in-home expenses, by filling out Form T-777, Statement of Employment Expenses.

In previous years, this would result in the CRA denying the deduction, citing a court case wherein the Tax Court of Canada reasoned that a sole shareholder could not be required to incur expenses by his company if there are no consequences to breaching the requirement (i.e. owners can't terminate themselves).

The CRA has since issued guidance that allows these deductions on satisfaction of two key conditions:

1. The expenses are incurred as part of your employment duties and not as a shareholder.
2. You were required to pay for the expenses yourself as part of your employment duties.

The best way to prove that the conditions are satisfied is to demonstrate that your expenses are comparable to expenses incurred by employees with similar duties at your company or at other businesses similar to your company. Be sure to have a written corporate policy in place addressing expense reimbursement.

Does Your Canadian Income Tax Return Look a Bit Different This Year?

Yes, the format of the 2019 Canadian Income Tax Return, also known as Form T-1 for Federal and Provincial forms, was revised. The Tax Return Jacket went from four pages to eight pages! (Similar to the US return, which went from two pages to Trump's "postcard" of two pages and six additional schedules, for a total of up to eight pages!) Also, the line item numbering system that was previously three digits is now five. The revised format reflects changes in tax legislation and attempts to reorganize sections to be more logical and sequential. However, beware of the additional printing costs!

Hello SECURE Act, Goodbye Stretch IRAs

On December 20, 2019, President Donald Trump signed into law the Setting Every Community Up for Retirement Enhancement (SECURE) Act, and this Act may negatively impact your IRA.

The most adverse consequence of the SECURE Act on traditional IRAs is the removal of the stretch provisions. In the past, distributions from an inherited IRA may be "stretched" over a beneficiary's lifetime when certain criteria are met. Unfortunately, the SECURE Act limits the maximum time period for distributions to 10 years after the death of the original account holder. Depending on the size of the IRA, the distributions may result in a large amount of taxable income (and higher tax rates) in the year of distribution. IRA owners who live in Canada have additional considerations, such as whether or not to draw funds from the IRA directly or roll them into a Canadian RRSP.

If you are an owner or beneficiary of a traditional IRA, you should review your tax planning with an advisor to ensure that changes in rules arising from the SECURE Act do not adversely impact your retirement income. When an owner passes away leaving an IRA to a Canadian beneficiary, there is limited time to act in the beneficiary's interest. If no beneficiary is named, the difference in laws between the two countries may cause the IRA to be taxed twice. Therefore, estate tax planning must be approached differently than in the past to determine the best way to withdraw hard-earned funds and leave heirs with the best tax outcome.

The IRS and CRA Might Be Sharing Your Banking Information

If you think your foreign banking activities are unseen by the IRS or the CRA, think again. Both agencies have legislation in place to ensure they know everything about their taxpayers' out-of-country financial accounts.

U.S. - Foreign Account Tax Compliance Act (FATCA)
FATCA legislation was passed in 2010 to detect U.S. persons who hold financial accounts outside the country for the purpose of non-compliance (i.e. evading U.S. taxes). Under the Act, foreign financial institutions (FFIs) must report to the IRS on financial accounts held by U.S. taxpayers or by foreign entities in which U.S. taxpayers hold a substantial ownership interest. Over 100 countries have an agreement with the U.S. to comply with FATCA. The FATCA agreement between the U.S. and Canada has been in force since June 2014.

Canada – Common Reporting Standard (CRS)
Inspired by FATCA, the CRS was approved by the Organization for Economic Cooperation and Development (OECD) in July 2014. There are over 100 participating jurisdictions, including Canada. Similar to FATCA, CRS is a program for exchanging taxpayers' financial information among financial institutions in participating jurisdictions. In Canada, financial institutions, corporations, and other entities must identify and report financial accounts held by, or for the benefit of, non-residents to the CRA. The information is then available for sharing with the jurisdiction in which the account holder resides for tax purposes.

Information for over 47 million offshore accounts within CRS jurisdictions has been exchanged since 2018 with a total value of EUR 4.9 trillion, and additional tax revenue of EUR 95 billion has been collected in the period 2009-2019 from voluntary disclosures of offshore accounts.

IRS and CRA Increasing Enforcement Efforts

Due to the complexities of financial matters that span the U.S. and Canada, Notices from either the IRS or the CRA are often issued to taxpayers regarding incorrect or missed filings.

In 2020, the IRS will receive an increase in funding of over USD$200 million from the government for enforcement measures. The IRS hired over 1,000 new Revenue Officers and Revenue Agents, with an additional 1,000 to be hired in 2020. Most of the new hires are either enforcement or collection personnel, including criminal investigation staff.

Likewise, in Canada, the 2019 Budget will invest an additional CAD$150 million over five years to support the CRA's enforcement initiatives. **This means that collection and enforcement efforts will increase further in the following years, and more Notices will be issued.**

If you receive a Notice from the IRS or CRA regarding taxes due, interest, penalties, or a missing form or return, seek advice on how to address it as soon as possible to increase your chances of a faster resolution and better outcome. Inform your accountant sooner rather than later.

Here at HCBT, we assist many clients with tax resolution and representation. Should you require any assistance with a tax matter, know that we are here to help!

File Your FBAR…before the IRS files It for You!

At this point, any U.S. citizen holding or signing on a foreign (e.g. Canadian) financial account should be familiar with the U.S. Report of Foreign Bank and Financial Accounts (FBAR). If you are a U.S. person and an HCBT client required to file an FBAR, you've already seen our infamous Checklist F and possibly been forced to comb through your Canadian (and other non-U.S.) bank accounts to figure out maximum balances for the calendar year.

This is important because the failure to file the FBAR may result in substantial monetary penalties and/or criminal penalties, and the IRS has been increasingly aggressive in pursuing delinquent FBAR filers. In 2019, we saw the following cautionary case:

United States v Ott
An American married couple, Mr. Dennis and Mrs. Tracey Ott, jointly opened two Canadian investment accounts. They held these bank accounts during the years 2007 - 2009 (the years in dispute), but did not report the accounts in an FBAR. The value of each account ranged from $400,000 to over $1,000,000 during these periods. The Otts used the money in the account to invest in real estate and other business opportunities and to pay for their son's private high school. Mr. Ott also actively traded in these accounts and spoke with his broker daily.

The Otts did not report the capital gains of proceeds from these accounts. They did not tell their tax return preparers about the accounts, and they also chose "No" (under penalty of perjury) in their Form 1040 Individual Income Tax Return Schedule B, on a yes-or-no question that reads, "At any time during [the tax year], did you have a financial interest or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country?"

Mrs. Ott was penalized $60,000 (3 years x 2 accounts x $10,000 per year) plus late payment penalties and interest. This was a "non-willful penalty". She tried to fight this in court but lost.

Mr. Ott did not receive the same treatment as Mrs. Ott. Rather, he received a "willful penalty". This civil penalty is more punitive and is the greater of $100,000 or 50% of the amount in the account at the time of the violation (not to mention the possibility of being charged with a crime, punishable by fines and imprisonment). Mr. Ott's penalty is currently sitting at $988,245.

The risk of not reporting foreign accounts in this increasingly interconnected world is too real. The IRS has an information-sharing program with financial institutions around the world, so the chances of getting caught are great. Furthermore, the penalties are very severe.

Bottom line? File your FBARs because the IRS is not messing around!

IRS Issue-based Examination

Historically, the Large Business and International (LB&I) division of the IRS has devoted their resources to examining the largest taxpayers such as multinational corporations. That approach proved to be ineffective as only a small number of large taxpayers ended up being audited. Most middle market clients were left out.

A decline in the IRS budget and staff (by almost 20%) and an increase in responsibilities due to a series of new complex provisions, including FATCA, Affordable Care Act (ACA), and the TCJA tax reform, forced the IRS to reorganize its compliance processes and refocus on issues rather than taxpayers.

From 2017 to 2019, the IRS identified and introduced 59 "campaigns" targeting specialized and complex tax areas accessing the entire LB&I population.

The campaigns focus on tax areas identified by the LB&I as prone to abuse and non-compliance. The LB&I raises awareness of these tax areas and scrutinizes affected entities using issue-based examinations, with the goal of increasing compliance. For example, offshore activities represent some of the most complicated reporting, leading to a lack of transparency and opportunities for abuse.

At HCBT, we take great measures to ensure that reporting for our clients is correct and will withstand IRS scrutiny, and we communicate any potential issues to our clients as soon as we become aware of them. A complete list of campaigns to-date can be found here:

https://www.irs.gov/businesses/corporations/lbi-active-campaigns

Certain Former U.S. Citizens Offered Relief from the IRS

Many U.S. citizens acquire their citizenship inadvertently and unknowingly. Perhaps, their parents came to the U.S. temporarily and gave birth before returning permanently to their home countries. Or they may have been born abroad to U.S. parents who never returned to the U.S.

It often comes as a shock to these individuals that they are U.S. citizens, and that by virtue of their citizenship, they are required to file U.S. tax returns and pay tax on their worldwide income (i.e. income earned everywhere including outside the U.S.). Having no desire or need to remain U.S. citizens, they typically decide to renounce their citizenship.

Renouncing or relinquishing U.S. citizenship entails compliance with federal tax requirements for the year of expatriation and the five tax years prior to expatriation. Generally, this involves filing tax returns for the current and prior five tax years, which may result in back taxes, interest, and penalties. A "covered expatriate" would be further subject to an additional "exit tax". Further, "covered expatriates" US citizen donees and heirs will be subject to 40% taxation on fair market value of the gifts or bequests received.

Thankfully, under the **newly established Relief Procedures for Certain Former U.S. Citizens,** these individuals will be eligible for relief from any unpaid taxes and penalties incurred in previous years, as well as being automatically considered as "covered expatriates" for previous tax miscompliance, if they meet certain requirements and if their past compliance failures were non-willful. **If you are a former U.S. citizen living abroad, it is important to know your U.S. tax obligations and find out what relief is available to you. Contact HCBT to help you understand the requirements for relief and if you are eligible.**

Revised Form 8858 for Certain U.S. Persons

Your U.S. tax return is not getting any thinner!

Beginning tax year 2019, we will be filing a revised Form 8858 Information Return of U.S. Persons with Respect to Foreign Disregarded Entities (FDEs) and Foreign Branches (FBs) for certain U.S. taxpayers.

This applies to you if:

- You have rental operations in Canada and/or
- You are self-employed in Canada and are claiming expenses against your self-employment income.

What changed? In the past, only FDEs were captured in this form. FBs are a recent addition and the above two activities give rise to a FB. Filing the form better substantiates claims to applicable foreign branch income foreign tax credits in the future.

There is a USD $10,000 failure to file penalty (or failure to file substantially complete form).

Updates on International Tax Provisions Under the "Trump" Tax Reform

Section 965 Transition Tax

In the world of U.S. taxation for foreign (i.e. Canadian) entities, 2018 was a whirlwind. The TCJA was the most important tax reform since 1986, and in many instances, what worked before will not work any longer. From what used to be a territorial system of taxation allowing foreign (i.e. Canadian) entities to defer profits until they are passed out in the form of dividends to their U.S. shareholders, has become a "modified" territorial system, meaning the profits are no longer eligible for deferral and must be recognized when earned.

To transition from the old system to the new one, the Code introduced Section 965, also known as one-time repatriation or transition tax. The goal of such a tax is to encourage foreign corporations and subsidiaries to recognize and pay tax on the accumulated revenue at a substantially lower rate. This one-time tax was imposed so swiftly that the IRS didn't have time to create the official tax forms. Form 965 was released in early 2019 despite the fact that associated tax and its supporting computations were due either by April or June 15, 2018.

Unfortunately, this tax has had a negative impact on many taxpayers whose savings are in the form of corporate accumulated earnings.

Let's Talk GILTI

The acronym GILTI (Global Intangible Low-taxed Income) is misleading and a completely arbitrary label as much as the reference to "Intangible". In plain language, GILTI is imposed on any active income of a foreign (i.e. Canadian) corporation owned by U.S. citizen shareholders. The only entities that would escape GILTI are capital-intensive companies.

By introducing GILTI'S provisions under Section 951A of the Internal Revenue Code, Congress completely decoupled the taxation behaviour of foreign and U.S. domestic corporations. Foreign corporations owned by U.S. shareholders, contrary to U.S. domestic corporations, are no longer eligible to defer, accumulate, and compound profits. Instead, all profits are recognized for tax purposes immediately through the application of GILTI rules (on active income) or subchapter F rules (on passive income).

There are planning options available to escape the 37% US tax on GILTI. One of them is under the Section 962 annual election. Even though such an election is not authorized by the Code, but rather by a proposed regulation, it is unlikely it will be challenged in court.

By making the Section 962 election, a U.S. Shareholder of a foreign (i.e. Canadian) corporation requests the IRS to treat the corporation as if it's a U.S. domestic corporation. As a result, the shareholder, in addition to filing forms 5471, 8992, 8993, are also required to file a proforma of a U.S. corporate income tax return and corporate foreign tax credit forms and attach them to his personal 1040 return. This "monster" of a return is not eligible for electronic filing, extremely time-consuming for tax professionals, and costly for taxpayers.

Substantial Tax Break for Owners of Pass-through Entities

If your brain does not hurt yet, here's a good article to read.

The 199A Qualified Business Income Deduction (QBID) is a tax break that was included in the TCJA. **This deduction only applies to effectively connected income within the U.S. Pass-through entities. Sole proprietors, S-corps, partnerships, and estates and trusts can claim the Section 199A deduction.** However, this deduction is only available through 2025, while the reduction in corporate tax rates is permanent. So, by the time we master this, it will be obsolete.

The deduction is in addition to the standard or itemized deduction and can be quite substantial, reducing the marginal 37% tax rate on specified business income to as low as 29%.

Unfortunately, the deduction is not much benefit to Canadian tax residents as they rely on U.S. foreign tax credits to reduce their Canadian tax liabilities. QBID leads to a greater reduction in U.S. taxable income and would, therefore, also reduce the amount of U.S. foreign tax credits available to be taken on a Canadian resident's tax return.

If you own a pass-through entity that would qualify for a QBID, perform a self-check on the U.S. tax slips issued to you to ensure that the information related to Section 199A deduction is disclosed on the statements attached to the slips. For example, if you are a partner in a U.S. partnership that is engaged in trades or businesses in the U.S., your partnership slip 1065 Schedule K-1 "Partner's Share of Income, Deductions, Credits, etc." should disclose items such as allocable share of QBI, W-2 wages, qualified REIT dividends, and other items that enable you to calculate your QBID.

Selling in the States? Know your Sales Tax Obligations

Canadian individuals and businesses selling goods and services in the U.S. should evaluate whether they have a sales tax collection requirement. The U.S. Canada Tax Treaty exempts Canadians without a "U.S. permanent establishment" from Federal income taxation. However, sales tax, which is a state and/or local tax, is not within the purview of the Treaty, and a business that might be exempt for state income tax purposes under the Treaty may not be exempt for State sales tax purposes.

It is estimated that the US has approximately 10,000 tax jurisdictions for sales tax alone and each jurisdiction has their own rules and requirements. A careful evaluation must be performed to determine if they are applicable. Not collecting and remitting sales tax may be costly as the individual/business may have to pay the full amount out-of-pocket if they are unable to collect from their customers at a later time.

CANADA NUMBERS AT A GLANCE

2019 COMBINED FEDERAL AND ONTARIO PERSONAL TAX RATES

Taxable Income $	Salary/Interest %	Capital Gain	Eligible Dividends	Non-Eligible Dividends
First 43,906	20.05	10.03	-6.86	8.89
43,907 - 47,630	24.15	12.08	-1.20	13.61
47,631 - 77,313	29.65	14.83	6.39	19.93
77,314 - 87,813	31.48	15.74	8.92	22.04
87,814 - 91,101	33.89	16.95	12.24	24.81
91,102 - 95,259	37.91	18.95	17.79	29.43
95,260 - 147,667	43.41	21.70	25.38	35.76
147,668 - 150,000	46.41	23.20	29.52	39.21
150,001 - 210,371	47.97	23.98	31.67	41.00
210,372 - 220,000	51.97	25.98	37.19	45.60
over 220,000	53.53	26.76	39.34	47.40

2020 COMBINED TOP AND MARGINAL PERSONAL TAX RATES

Province	Taxable Income $	Salary/Interest %	Capital Gain	Eligible Dividends	Non-Eligible Dividends
British Columbia	214,368	49.80	24.90	31.44	44.64
Alberta	314,928	48.00	24.00	31.71	42.31
Saskatechewan	214,368	47.50	23.75	29.64	40.37
Manitoba	214,368	50.40	25.20	37.78	46.67
Ontario	220,000	53.53	26.76	39.34	47.74
Quebec	214,368	53.31	26.65	40.10	47.14
New Brunswick	214,368	53.30	26.65	33.51	47.75
Nova Scotia	214,368	54.00	27.00	41.58	48.28
Prince Edward Island	214,368	51.37	25.69	34.22	45.22
Newfoundland	214,368	51.30	25.65	42.61	44.59

TAX FREE SAVINGS ACCOUNT (TFSA) CONTRIBUTION LIMIT

Years	Contribution Limit $/ Year	Total
2009 - 2012	5,000/year	20,000
2013 - 2014	5,500/year	11,000
2015	10,000	10,000
2016 - 2018	5,500/year	16,500
2019 - 2020	6,000/year	12,000
		69,500

REGISTERED RETIREMENT SAVINGS PLAN (RRSP) CONTRIBUTION LIMIT

Years	Contribution Room $/Year	Earned Income Required in Prior Year (18%)
2015	24,930	138,500
2016	25,370	140,944
2017	26,010	144.500
2018	26,230	145,722
2019	26,500	147,222
2020	27,230	151,278

Source: Taxtips.ca

U.S. NUMBERS AT A GLANCE

2019 FEDERAL ORDINARY INCOME TAX RATES

Tax Rate %	Single $	Head of Household $	Married Filing Jointly or Qualifying Widow	Married Filing Separately
10%	0 - 9,700	0 - 13,850	0 - 19,400	0 - 9,700
12%	9,701 - 39,475	13,851 - 52,850	19,401 - 78,950	9,701 - 39,475
22%	39,476 - 84,200	52,851 - 84,200	78,951 - 168,400	39,476 - 84,200
24%	84,201 - 160,725	84,201 - 160,700	168,401 - 321,450	84,201 - 160,725
32%	160,726 - 204,100	160,701 - 204,100	321,451 - 408,200	160,726 - 204,100
35%	204,101 - 510,300	204,101 - 510,300	408,201 - 612,350	204,101 - 306,175
37%	510,301 or more	510,301 or more	612,351 or more	306,176 or more

2019 LONG TERM CAPITAL GAINS TAX RATES

Tax Rate %	Single $	Head of Household $	Married Filing Jointly or Qualifying Widow	Married Filing Separately
0%	0 - 39,375	0 - 52,750	0 - 78,750	0 - 39,375
15%	39,376 - 434,550	52,751 - 461,700	78,751 - 488,850	39,376 - 244,425
20%	434,551 or more	461,701 or more	488,851 or more	244,426 or more

2020 FEDERAL ORDINARY INCOME TAX RATES

Tax Rate %	Single $	Head of Household $	Married Filing Jointly or Qualifying Widow	Married Filing Separately
10%	0 - 9,875	0 - 14,100	0 - 19,750	0 - 9,875
12%	9,876 - 40,125	14,101 - 53,700	19,751 - 80,250	9,876 - 40,125
22%	40,126 - 85,525	53,701 - 85,500	80,251 - 171,050	40,126 - 85,525
24%	85,526 - 163,300	85,501 - 163,300	171,051 - 326,600	85,526 - 163,300
32%	163,301 - 207,350	163,301 - 207,350	326,601 - 414,700	163,301 - 207,350
35%	207,351 - 518,400	207,351 - 518,400	414,701 - 622,050	207,351 - 311,025
37%	518,401 or more	518,401 or more	622,051 or more	311,026 or more

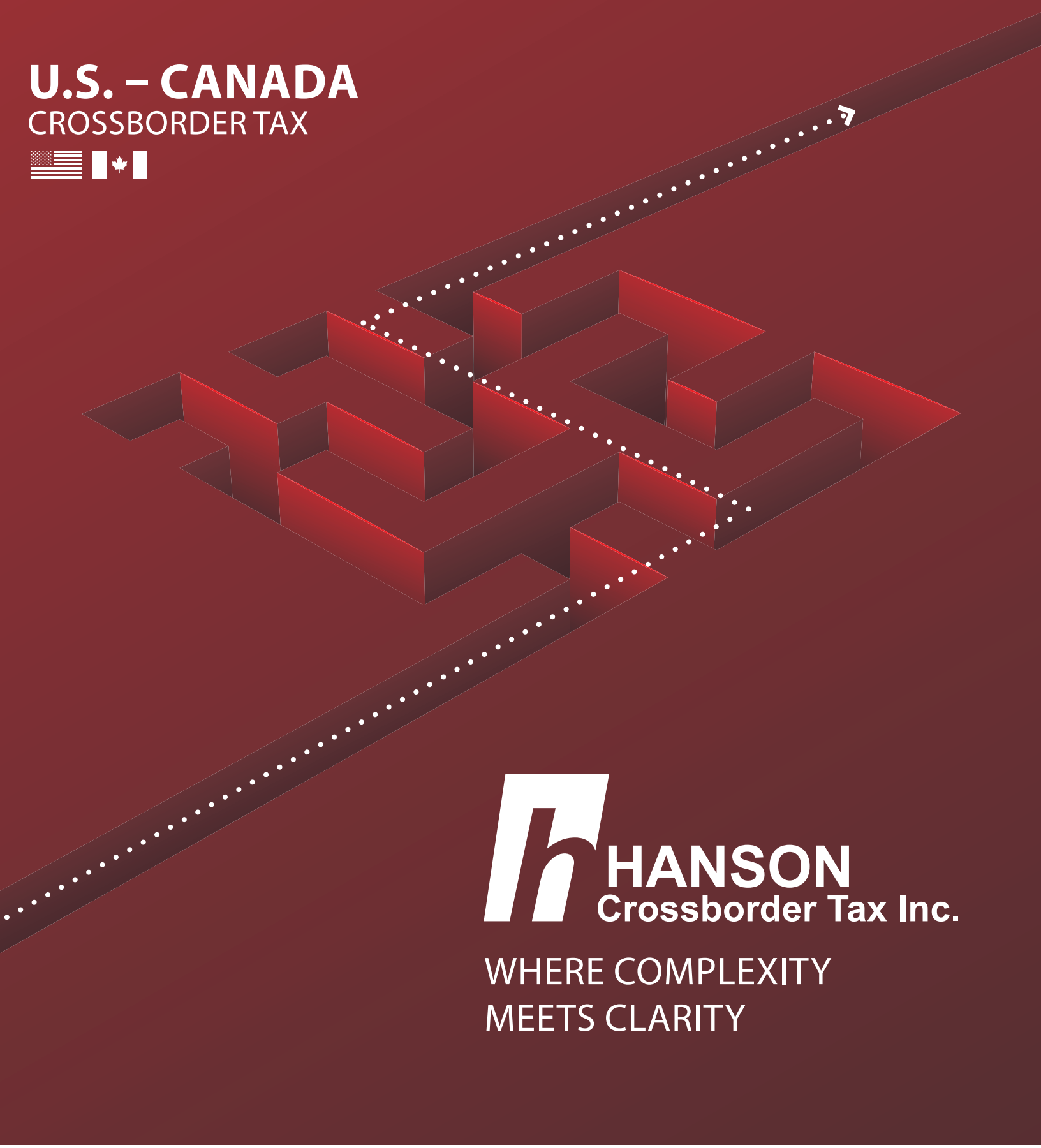
2020 LONG TERM CAPITAL GAINS TAX RATES

Tax Rate %	Single $	Head of Household $	Married Filing Jointly or Qualifying Widow	Married Filing Separately
0%	0 - 40,000	0 - 53,600	0 - 80,000	0 - 40,000
15%	40,001 - 441,450	53,601 - 469,050	80,001 - 496,600	40,001 - 248,300
20%	441,451 or more	469,051 or more	496,601 or more	248,301 or more

Short-term capital gains are taxed at Ordinary Rates, above

Source: Taxfoundation.org

U.S. – CANADA
CROSSBORDER TAX



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