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What to consider for newcomers

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Residency status for tax purposes

There are different types of residency statuses for tax purposes. As a volunteer, you mainly work with individuals who are residents or newcomers.

Newcomers are individuals who left another country to come and live in Canada. Newcomer status applies only for the first tax year in which they became a resident, even if they have only been in Canada for a few days. For example, an individual who arrived in Canada in 2024 is considered a newcomer for the 2024 tax year only and would not identify as a newcomer for the 2025 tax year or any year after that.

Individuals are considered residents of Canada for tax purposes when they live and have enough residential ties in Canada. An individual is generally considered a resident for tax purposes from the day they arrive in Canada. All residents of Canada, including refugees, may submit a tax return even if they have arrived at the end of the tax year.

An individual's residency status for tax purposes is important, as it determines whether or not they are required to submit a tax return in Canada. An individual's residency status for tax purposes is different from their immigration status.



CVITP tip

As a volunteer, you are not responsible for determining an individual's residency status or to advise them of their tax obligations.

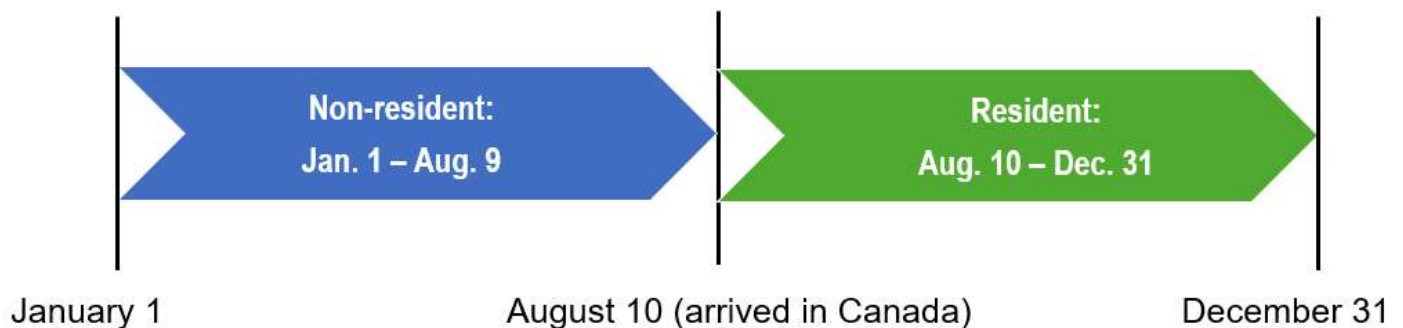
If an individual is unsure of their residency status, refer them to [Determining your residency status](#) or the [CRA individual tax enquiries line](#).

Date of entry

The date of entry is the date when the individual became a resident of Canada for tax purposes, and this generally corresponds to the date the individual arrived in Canada. It is important to enter the exact date, as this could affect the amounts of certain non-refundable tax credits they may be eligible for.

In the following graphic, the date of entry is August 10, 2024. Based on the date of entry, a newcomer's first year in Canada is split into two periods:

- When they were a **Non-resident** of Canada (January 1 to August 9, 2024)
- When they were a **Resident** of Canada (August 10 to December 31, 2024)



▼ Text version of the above image

Arrow indicating Non-resident: Jan 1 – Aug 9, followed by arrow indicating Resident: Aug 10 – Dec 31

Identification information

Identity information such as names and date of birth must be an exact match to the identification information issued under the individual's identification number to allow the tax return to be transmitted

electronically using EFILE. If errors continue it may be necessary to print the tax return and have the individual mail it to their applicable Tax Centre. Refer to [Printing a tax return](#) and [Find a CRA address](#) for more information.



UFile tip

For individuals with one name only, you may add the name in the last name (family name) field within the tax software and enter an asterisk “*” in the first name field.

Identification numbers

One of the most important steps when you prepare a tax return is to correctly enter an individual’s identification information.

Newcomers may have an individual tax number (ITN) or a temporary tax number (TTN) instead of a social insurance number (SIN). The ITN or TTN allows newcomers without a SIN to submit their tax return and apply for benefits.

The ITN is only issued to non-residents and international students who are not eligible to obtain a SIN. Residents of Canada who are not eligible to receive a SIN or an ITN and are required to submit a tax return may be assigned a TTN. A TTN is a nine-digit number beginning with 01 or 03. This is an internal number that the CRA provides to the individual.



CVITP tip

As a volunteer, you are not expected to provide assistance in filling out applications for an identification number.

If the individual wants more information about obtaining a SIN, refer them to [Social Insurance Number - Overview](#) on Canada.ca.

Submitting the tax return

If the newcomer does not have an identification number, submitting the tax return electronically will not be possible. A paper tax return will need to be prepared and given to the newcomer so they can mail it. As a volunteer, you could:

- use the tax software to prepare the tax return and enter zeros in the SIN field. You will need to print the tax return
- use the tax software to prepare the tax return and transcribe the information onto a paper tax return leaving the SIN field blank

What to consider when submitting a tax return in relation to the different types of identification numbers:

Submitting the tax return

Type of identification number	Information to consider for newcomers
Social Insurance Number (SIN)	<ul style="list-style-type: none">• If the individual has a SIN or a temporary SIN, you may enter either into the SIN field in the tax software• If the individual is waiting to receive their SIN, they may attach a note to the paper tax return explaining that they are waiting for their SIN• Once Service Canada issues the individual's SIN or temporary SIN, they will forward the identification number to CRA

Type of identification number	Information to consider for newcomers
Individual Tax Number (ITN)	<ul style="list-style-type: none"> • If the individual already has an ITN, enter the ITN in place of their SIN in the tax software: <ul style="list-style-type: none"> ◦ these tax returns may need to be mailed to the CRA if sending electronically is not possible • If the individual is an international student without a SIN or an ITN and they do not have a work permit, they should complete <u>Form T1261, Application for a Canada Revenue Agency Individual Tax Number (ITN) for Non-Residents</u> (even if they are a resident) • Form T1261 must be mailed to the CRA with the copy of the paper tax return
Temporary Tax Number (TTN)	<ul style="list-style-type: none"> • If the individual already has a TTN, enter the TTN in place of their SIN: <ul style="list-style-type: none"> ◦ the tax return for an individual with a TTN may need to be mailed to the CRA if sending electronically is not possible • If the individual does not already have a TTN, they must attach a note to the paper tax return to request a TTN explaining that they are not eligible for a SIN or an ITN • When a TTN is requested, the CRA contacts the individual to inform them of the documentation that is required before a TTN may be issued



Important note

The CRA will not issue a notice of assessment without an identification number. This means that if a tax return is submitted with a blank SIN field, or with zeros in the SIN field, there will be an additional delay until an identification number is issued.

For more information on how to print a tax return, refer to [Printing a tax return](#).

In situations where it is not possible to send the tax return electronically, refer to [Where to mail your paper T1 return](#).

Information about a newcomer's spouse

If the newcomer's spouse or [common-law](#) partner lives in Canada with them, proceed as usual.

If a newcomer's spouse or common-law partner is living abroad and they are [separated](#) for reasons other than a breakdown in their relationship, you must still enter a [marital status](#) of either [married](#) or common-law on their tax return.

Since a [non-resident](#) spouse does not need to submit a tax return in Canada, it is important to report the spouse's name and their net income in Canadian dollars using the [Annual exchange rates](#). The CRA needs this information to calculate the benefits and credits for the individual living in Canada.

If a newcomer provides financial support to their non-resident spouse, they may be eligible to claim a spousal amount on their tax return. The individual must keep any supporting documentation or receipts so that, if

contacted by the CRA at a later date, they can prove the non-resident spouse depended on them for support.

Reporting foreign property over CAN\$100,000

An individual does not have to report foreign property for the year they first become a resident of Canada.

Foreign property does not include any personal use property, such as a primary residence, vacation home or cottage.

The individual is not eligible for the CVITP if they own foreign property and were a resident of Canada in any previous year, and you should not prepare the tax return because it is considered a complex tax situation.

Foreign owned property includes:

- bank accounts held abroad (interest)
- shares held in foreign corporations or shares held in a resident corporation but held outside of Canada
- vacant land abroad
- other income-earning foreign property

It is the individual's responsibility to convert all foreign property into Canadian dollars. Refer the individual to the Bank of Canada as it has [Annual exchange rates](#) available for most countries.

Income earned before becoming a resident of Canada

The income a newcomer earned before becoming a resident for tax purposes in Canada may be Canadian-sourced, or foreign-sourced.



Complex situation

The following examples are not considered simple tax situations and should not be completed by CVITP volunteers:

- A newcomer has Canadian-source income for part of the year they were not a resident of Canada
- A newcomer continued to receive foreign income after becoming a resident of Canada

The foreign-sourced income earned before becoming a resident of Canada must be reported in the tax software. It is not taxable in Canada and the tax software will not report it in the Total Income section of the tax return. However, it will be used to calculate the amounts of certain non-refundable tax credits and benefits they may be eligible for.

Non-refundable tax credits

If a newcomer earned foreign-sourced income prior to becoming a resident of Canada, the amounts they may claim for certain non-refundable tax credits will be proportional to the number of days in the year they were considered to be a resident of Canada.

If the newcomer did not earn any income prior to becoming a resident of Canada, they may claim the full amount of the non-refundable tax credits.



Tax tip

If the individual claims the full amount of the non-refundable tax credits and the tax return cannot be submitted electronically, they must attach a note to the paper tax return stating their net world income.

Refundable tax credits

Newcomers cannot claim the Canada workers benefit (CWB) on line 45300 of the tax return because they were not resident of Canada throughout the year.

Net income while living with their spouse or common-law partner in Canada

When an individual is already a resident of Canada for tax purposes and their spouse or common-law partner becomes a newcomer, the individual must:

- provide all their tax slips and income for the full year
- confirm their net income for the period when they lived with their spouse or common-law partner in Canada

You must prepare the resident's tax return as usual with the added step of having to enter their net income from the period they lived with their spouse or common-law partner in Canada, under the **Immigrant, emigrant, non-resident, factual resident** topic of the tax software.

For example, Robert is a resident of Canada for tax purposes in 2024. His spouse, Jane, arrives in Canada as a newcomer on July 1, 2024. Robert provides his net income for the period between July 1, 2024 and December

31 2024. This income is entered into Robert's profile under the **Immigrant, emigrant, non-resident, factual resident** topic of the tax software. UFile will report this income on Jane's tax return.



UFile tip

Generally, an individual and their spouse or common-law partner arrive in Canada on the same date. If this is the case, the tax software automatically claims any credits the couple may be eligible for.

International students

Residency status for international students is more complex because they may not establish significant residential ties with Canada if they return to their home country on a periodic basis or for a significant amount of time over the calendar year; or move to another country when not attending university in Canada.



CVITP tip

It is up to the student to determine their residency status for tax purposes.

It is up to the student to determine their residency status for tax purposes.

For more information, refer to [Taxes for International students studying in Canada](#).

Benefits and other credits

Newcomers may be eligible for benefits and credits such as the goods and services tax/harmonized sales tax (GST/HST) credit and the Canada child benefit. Refer the individuals to [Benefits, credits, and taxes for newcomers](#).

UFile instructions

For step-by-step instructions to enter information into the tax software, refer to [Specific situations](#).

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