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Cross-border real estate simplified

Owning U.S. property need not be as complicated as it may seem says author and tax expert

By **STEVE MacNAULL**
The Okanagan Saturday

They are called cross-border lifestylers. Or sun belt buyers or snowbirds, if you will. They are the Canadians who purchase vacation and investment homes in the southern U.S. to beat our Great White North winters and make some rental income and equity on the side.

“With the perfect storm we’re having right now there’s more of them than ever,” said Montreal-based buying-in-the-U.S. expert and tax lawyer David A. Altro during a stop in the Okanagan this week.

“Real estate prices in the U.S. are depressed, representing great deals for Canadians, plus the loonie is high.”

That means Canadians are not just buying a property they will use for vacations, but rent out when they aren’t using it to generate some income.

Other Canadians are buying five to 10 U.S. homes at a time and renting them out full-time to pull in even more revenue.

Altro is the author of *Owning U.S. Property The Canadian Way*, the managing partner at Altro & Associates in

Montreal, and works in conjunction with lawyers at Altro firms in Toronto, Calgary, Vancouver and in U.S. sun belt destinations Phoenix, Arizona and Fort Lauderdale, Sarasota and Naples, Florida.

“Buying U.S. property is not complicated,” pointed out Altro, who led a seminar organized by Royal Bank for 200 people at the Best Western Inn in Kelowna. “But you have to do it right to protect yourself

and pay the least amount of taxes.”

Altro’s speaking tour also brought him to Vancouver, West Vancouver and Victoria.

Altro’s answer to almost every question about buying a vacation, second or investment home south of the



STEVE MACNAULL/The Daily Courier

Tax lawyer David A. Altro, the author of *Owning U.S. Property The Canadian Way*, led a seminar for 200 people at Kelowna’s Best Western Inn this week.

49th parallel is ‘cross-border trust’.

“The key is not to put the U.S. property in your own name nor a Limited Liability Company (LLC), (but) put it in a cross-border trust,” he stressed.

That way when you pass away, your estate avoids probate (the lengthy and costly U.S. legal process of dealing with claims on and distribution of estates).

A cross-border trust also allows your estate to avoid U.S. state and death tax.

A trust also means you pay the lowest capital gains tax if you decide to sell your U.S. property.

And a trust also means if you have rental income you pay only U.S. tax on it.

You declare the income in Canada as well, but don’t have to pay tax in Canada because the trust prompts a foreign tax credit.

“If you own a U.S. property in your own name, you open yourself up to probate of your estate, state and death taxes, higher capital gains taxes and paying double (in both Canada

and the U.S.) taxes on rental income,” said Altro.

Altro stressed he is not a real estate broker, he leaves that job to the U.S. representatives who show Canadians condominiums, townhouses, homes, villas and land in snowbird states like California, Arizona, Texas and Florida.

“But I can advise on purchases and identify all the tax issues and implications,” he said.

“I can also advise on inspection clauses and title issues. It’s important Canadians have the property they are buying inspected and are protected if something goes wrong.

“It’s also important to make sure you get free and clear title.”

Altro recommends all Canadian buyers use a lawyer familiar with cross-border tax and issues.

He also advises clients to hire an accountant with cross-border experience to file income tax returns, especially when there’s rental income involved.

Owning U.S. Property The Canadian Way (self-published, 136 pages) is available for \$20 at AltroLaw.com.

