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The deadline to file your 2025 U.S. Form 1040 – U.S. Individual Income Tax Return is April 15, 2026. If you reside outside the United States on that date, you are automatically granted an extension to file until June 15, 2026. Please note that **any U.S. tax owing must still be paid by April 15, 2026**, to avoid the accrual of interest and penalties, regardless of your filing deadline.

If applicable, please provide us with proof of your U.S. and State tax payments or IRS and State refund notices to support any foreign tax credit claims on your 2025 Canadian personal income tax return.

Given recent changes to tax legislation and the increasing complexity of personal tax return preparation, we kindly request that you collect and **submit all required tax information to us no later than March 15, 2026.**

Foreign Bank Account Reporting – FBAR (Form FinCEN 114 formerly known as TDF 90-22.1)

The IRS requires individuals to report their financial interest in, signing authority or other authority over one or more financial accounts in foreign countries. This applies to individuals where the aggregate value of the financial accounts exceeds U.S. $10,000 at any time during the year.

All Canadian financial accounts are considered foreign accounts for U.S. tax reporting purposes. These accounts include both registered and non-registered accounts, chequing accounts, savings accounts, investment accounts, RRSPs, RESPs and TFSAs.

This form must be filed electronically. In order to assist us with completing the TDF 90-22.1 please provide the following information:

- Name(s) of account holder
- Name of the financial institution
- Account number
- Mailing address of the financial institution
- Maximum value of the account (in U.S. dollars) during the year.

Statement of Specified Foreign Financial Assets – Form 8938

Form 8938 must be filed with your income tax return if you satisfy the reporting thresholds discussed below. Please note that the thresholds for U.S. taxpayers living in the U.S. are different from the thresholds for U.S. taxpayers living abroad.

<u>Thresholds for U.S. Taxpayers Living Abroad</u>

Unmarried taxpayers: The total value of your specified foreign financial assets is more than U.S. $200,000 on the last day of the tax year or more than U.S. $300,000 at any time during the tax year.

Married taxpayers filing a joint income tax return: The total value of your specified foreign financial assets is more than U.S. $400,000 on the last day of the tax year or more than U.S. $600,000 at any time during the tax year.

Married taxpayers filing separate income tax returns: The total value of your specified foreign financial assets is more than U.S. $200,000 on the last day of the tax year or more than U.S. $300,000 at any time during the tax year.

All Canadian accounts are considered foreign bank accounts for U.S. tax reporting purposes. These accounts are comprised of both registered and non-registered accounts and include chequing accounts, savings accounts, investment accounts, RRSPs, RESPs, and TFSAs.

Information Return of U.S. Persons With Respect To Certain Foreign Corporations

If you are a shareholder, director or officer of a Canadian corporation, please let us know immediately as additional reporting may be required.

Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts

If you have transactions with a foreign trust during the year (a Canadian trust is considered a foreign trust for U.S. tax reporting), please let us know as additional reporting may be required.

Information Return to Report Gifts

If you are a U.S. person you must file a gift tax return (whether or not any tax is ultimately due) in the following situations:

- If you gave gifts to someone in 2025 totaling more than $19,000 (other than to your spouse), you will likely need to file Form 709. However, there are certain gifts that are not taxable but must still be reported. Further, there are certain cases where the lifetime gift tax exemption can apply.

- Certain gifts, called future interests, are not subject to the $19,000 annual exclusion, although you must file Form 709 even if the gift was under $19,000.

- During the year 2025, you received more than $100,000 that you treated as gifts or bequests from a nonresident alien.

Information Return to Report Transactions With Foreign Trusts

If you are a U.S. person you must file Information Return to Report Transactions With Foreign Trusts in the following situations:

- During the year 2025, you received, directly or indirectly, a distribution from a foreign trust.
- You are a U.S. owner of all or any portion of a foreign trust at any time during the year 2025.
- You or a U.S. person related to you had loan transactions with a foreign trust at any time during the year 2025.

Canadian Mutual Funds:

The IRS classifies Canadian mutual funds as corporations for U.S. tax purposes. For Canadian residents who are U.S. taxpayers, the benefits from this form of investment may be mitigated by increased U.S. tax compliance and additional U.S. tax liabilities. Please contact your Lipton advisor to discuss the implications of an investment in Canadian mutual funds by U. S. taxpayers.

Net Investment Tax – commonly known as the 'Obamacare' tax (NIT):

The NIT applies to a U.S. taxpayer whose modified adjusted gross income (MAGI) is at least U.S.$200,000 (a single filer), U.S. $250,000 (joint filers) and US $125,000 (married filing separately). The taxable amount is the lesser of (1) the excess MAGI over the taxpayer's threshold and (2) the taxpayer's net investment income, which includes interest, dividends, capital gains, rental and royalty income, income from business involved in trading financial instruments or commodities, and income from businesses that are passive activities to the taxpayer.

Tax Free Savings Account – TFSA:

U.S. taxpayers resident in Canada may have U.S. tax compliance and U.S. tax liabilities where they hold a TFSA. Please contact your Lipton advisor to discuss the implications of holding these types of financial accounts.

First Home Savings Account – FHSA:

U.S. taxpayers resident in Canada may have U.S. tax compliance and U.S. tax liabilities where they hold a FHSA. Please contact your Lipton advisor to discuss the implications of holding these types of financial accounts.

Sale of home:

When you sell your principal residence, you may qualify for an exclusion of up to $250,000 of the capital gain from your income. You may qualify to exclude up to $500,000 of that gain if you file a joint return with your Spouse.

In general, this exclusion applies where you have owned and used your home as your principal residence for a period, aggregating at least two out of the five years prior to its date of sale.

Virtual currencies:

The IRS requires a disclosure of any trading with respect to virtual currencies.

To complete this disclosure, please provide details with respect to any transactions in virtual currencies completed in the year.

Tax Refund:

IRS is phasing out paper cheques for most federal payments, including tax refunds.
If you are expecting a refund, please provide us with your direct deposit information so that it can be communicated to IRS. However, the account should be located in US as it cannot be deposited in a Canadian bank account.

We look forward to hearing from you early in the tax season!