49TH PARALLEL WEALTH MANAGEMENT
U.S. — CANADA CROSS-BORDER SPECIALISTS

WHITE PAPER | 2025 EDITION

The Canadian Snowbird's 2025 Compliance Guide

New U.S. Registration Rules, Tax Risks & What Every Canadian Must Know Before Heading South

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TABLE OF CONTENTS

ABOUT THIS GUIDE

About This Guide: This white paper was written by Lucas Wennersten, CFA, CFP® (U.S. & Canada), founder of 49th Parallel Wealth Management. It is intended for Canadian snowbirds, part-time U.S. residents, and Canadian owners of U.S. property. It reflects rules in effect as of 2025 and should not be construed as legal or tax advice for your specific situation. Always consult a qualified cross-border advisor.

Introduction: The Rules Have Changed

Every year, more than 900,000 Canadians spend their winters in the United States — drawn by sunshine, affordable real estate, and the comforts of home with a common language and culture. For decades, the rules governing how long Canadians could stay were relatively relaxed. That changed in 2025.

Beginning April 11, 2025, the U.S. government introduced mandatory registration requirements for any Canadian (or other visitor) staying 30 days or longer. At the same time, U.S. Department of Homeland Security (DHS) data is now more tightly integrated with IRS residency systems — meaning the informal approach many snowbirds have relied on for years now carries real legal and financial risk.

The stakes are significant. If you are deemed a U.S. tax resident, you could face obligations to file U.S. tax returns on your worldwide income, report foreign bank accounts, and navigate complex treaty provisions — all while continuing to file in Canada. For high-net-worth individuals, the exposure can be material.

900,000+	April 11, 2025	30 Days	183 Days
Canadians winter in the U.S. annually	New mandatory registration date	Minimum stay triggering registration	Weighted SPT threshold for U.S. tax residency

Who This Guide Is For

This guide is written for Canadians who spend extended time in the U.S. — whether you own a condo in Scottsdale, rent in Fort Myers each winter, or split your time between Vancouver and Palm Springs. It covers the new registration rules, how they interact with the Substantial Presence Test, and what you need to do differently in 2025 and beyond.

A Note from the Author

I wrote this guide because I have seen firsthand how these changes catch well-prepared, financially sophisticated Canadians off guard. My own journey — from Arizona to Toronto and back — gave me a perspective on cross-border life that few advisors have. The rules have always been complex. In 2025, they became even more consequential. My goal with this guide is simple: to give you the clarity you need to enjoy your time in the sun without inadvertently creating a financial or legal problem back home.

— Lucas Wennersten, CFA, CFP® (U.S. & Canada)

SECTION 1

The New Registration Requirement

What changed on April 11, 2025 — and what you must do.

For decades, Canadians crossing into the United States were largely tracked on the honour system. Border agents would note your entry, but systematic exit tracking was minimal. The U.S. government has now formalized its oversight of extended-stay visitors.

What Changed

Effective April 11, 2025, any foreign national — including Canadians — who stays in the United States for 30 days or more in a single stay is required to register with U.S. Customs and Border Protection (CBP). This is a formal legal obligation, not a suggestion.

How to Register

1. **I-94 Record:** If you entered through an official port of entry and received an I-94 arrival/departure record, this may already satisfy the registration requirement. Check your I-94 record at i94.cbp.dhs.gov to confirm your status and days remaining.

2. **Form G-325R (Biographic Information):** For stays exceeding 30 days where an I-94 was not issued or is insufficient, you will be required to complete and submit Form G-325R. This form collects biographic information and is submitted electronically.

3. **Post-September 30 Rule:** If your stay extends beyond September 30 of any calendar year, additional documentation requirements apply to ensure your presence is properly tracked across DHS entry-exit systems before the end of the calendar year.

CRITICAL DISTINCTION

Important: Registration does not grant you permission to work, study, or establish residency in the U.S. It does not protect you from triggering U.S. tax residency under the Substantial Presence Test. It does not override state-level tax residency rules. It simply creates a formal record of your physical presence — which the IRS can now access.

Consequences of Non-Compliance

Under U.S. immigration statutes (8 U.S.C. §§ 1304 and 1306), failure to register can result in:

Consequence	Details
Civil Fines	Monetary penalties under 8 U.S.C. § 1306

Entry Flags	Internal DHS flags that affect future border crossings for years
IRS Cross-Reference	Unregistered stays may be treated as evidence of U.S. tax residency
Denial of Entry	CBP may deny future entry — rare but increasingly plausible

SECTION 2

Understanding the Substantial Presence Test

How day-counting works — and why 2025 makes it more dangerous.

The Substantial Presence Test (SPT) is the mechanism by which the IRS determines whether a non-U.S. citizen is treated as a U.S. resident for tax purposes. It has always existed. What has changed in 2025 is that the DHS registration data now feeds more directly into IRS tracking systems — making accidental SPT triggers much more likely to be detected.

How the SPT Formula Works

You are considered a U.S. resident for tax purposes if you meet both of the following:

Year	Days Counted	Multiplier	Example
Current Year	All days present	1.0x	120 days = 120
Prior Year (Year 1)	All days present	1/3	90 days = 30
Two Years Prior (Year 2)	All days present	1/6	60 days = 10
		TOTAL	**160 — TRIGGERS SPT**

The threshold is 183 weighted days. Note that even a single extra day of U.S. presence in a prior year can push you over the threshold in a subsequent year — a trap many long-term snowbirds do not realize until it is too late.

Common Scenarios That Trigger the SPT Unintentionally

The Long-Stay Retiree: Spends 5 months (150 days) annually in Arizona for several years. In year 3, the weighted total from prior years pushes them over 183 even before the current year begins.

The Property Owner: Owns a condo in Florida and visits multiple times per year for shorter stays. Because every trip counts, the cumulative days add up faster than expected.

The Medical Stay: Extends a winter visit for a medical procedure or recovery. One unplanned 30-day extension can tip the balance across the SPT threshold.

Protecting Yourself: The Closer Connection Exemption

Even if you technically meet the SPT formula, you may avoid U.S. tax residency by qualifying for the Closer Connection Exemption. To qualify, you must:

- [ ] Be present in the U.S. for fewer than 183 days in the current year
- [ ] Maintain a tax home in Canada
- [ ] Have a closer connection to Canada than to the U.S. (home, family, bank accounts, driver's licence, social ties)
- [ ] File IRS Form 8840 (Closer Connection Exemption) by June 15 of the following tax year

2025 WARNING

Key Warning: With the 2025 DHS-IRS data integration, if you file Form 8840 claiming Canadian residency but DHS records show unregistered long stays in the U.S., the IRS may treat the inconsistency as evidence of U.S. tax residency and investigate further. Keeping meticulous day-count records has never been more important.

SECTION 3

Tax Implications If You Are Deemed a U.S. Resident

What U.S. tax residency actually costs you.

Most snowbirds are shocked to learn that being deemed a U.S. resident for tax purposes does not simply mean paying a bit more tax. It triggers a cascade of filing obligations, reporting requirements, and potential double-taxation scenarios that can take years and significant professional fees to resolve.

Worldwide Income Reporting

As a U.S. tax resident, you are required to report your worldwide income to the IRS — including Canadian pensions (CPP, OAS), RRSP withdrawals, rental income from Canadian properties, and investment income from Canadian accounts. This does not necessarily mean you pay U.S. tax on all of it, but you must report it and claim treaty benefits properly.

RRSP Treatment by State

The Canada-U.S. Tax Treaty allows RRSPs to maintain their tax-deferred status for federal U.S. tax purposes — but not all U.S. states follow the treaty. If you are spending winters in a state that does not recognize the treaty deferral, your annual RRSP growth may be treated as taxable income at the state level each year.

State	Follows Treaty?	RRSP Treatment
Florida	N/A	No state income tax — no issue
Arizona	Yes (generally)	RRSP growth deferred — confirm annually
California	No	RRSP growth taxed as ordinary income
Nevada	N/A	No state income tax — no issue
Texas	N/A	No state income tax — no issue

FBAR and FATCA: Foreign Account Reporting

U.S. tax residents (and citizens) with foreign financial accounts must comply with two separate reporting regimes:

Requirement	Threshold	Deadline	Penalty for Non-Filing
FBAR (FinCEN 114)	Aggregate >USD $10,000	April 15 (auto-extension to Oct 15)	Up to $10,000/year (negligent) or $100,000+ (willful)

FATCA (Form 8938)	USD $50,000+ (single/MFS) or $100,000+ (MFJ)	With annual tax return	USD $10,000 + $50,000 if continued after IRS notice

PENALTY NOTE

These penalties apply per year of non-compliance — not per account. A Canadian snowbird with an RRSP, TFSA, and a Canadian chequing account who is unknowingly treated as a U.S. resident could face penalties across multiple years simultaneously.

SECTION 4

U.S. Property Ownership — New Risks in 2025

What every Canadian with a U.S. vacation property needs to know.

Owning property in the U.S. creates a layer of financial exposure that exists independently of whether you trigger the Substantial Presence Test. In 2025, three factors are making U.S. property ownership more complex for Canadians: the weak Canadian dollar, rising insurance costs, and new political uncertainty around Canadian-owned real estate.

FIRPTA: Tax When You Sell

The Foreign Investment in Real Property Tax Act (FIRPTA) requires that when a foreign person sells U.S. real property, the buyer must withhold 15% of the gross sale price and remit it to the IRS. This is a withholding on gross proceeds — not on your gain — which means it can significantly exceed your actual tax liability. You recover any excess through your U.S. tax return, but this requires filing a U.S. return even if you are not otherwise required to do so.

U.S. Estate Tax Exposure

U.S. situs assets — including U.S. real property — are subject to U.S. estate tax upon your death, even if you are not a U.S. citizen or resident. Canadians are subject to U.S. estate tax on U.S. situs assets exceeding approximately USD $60,000 (a fraction of the exemption available to U.S. citizens). The Canada-U.S. Tax Treaty provides some relief, but proper estate planning — including consideration of holding structures — is essential for Canadian property owners.

The Currency and Insurance Reality in 2025

With the Canadian dollar hovering near USD $0.69, carrying costs on U.S. property have risen significantly in Canadian dollar terms. Combined with sharply higher insurance premiums in Florida and Arizona driven by extreme weather events, many snowbirds are re-evaluating the financial case for ownership versus long-term rental. Key considerations:

1. **Carrying Costs:** Property taxes, insurance, HOA fees, and maintenance on a USD $400,000 Florida condo can easily exceed USD $15,000/year — approximately CAD $21,700 at current exchange rates.
2. **Insurance:** Florida home insurance costs have risen 40-70% in many areas since 2022. Some properties are uninsurable at any reasonable price. Verify your coverage before your next season.
3. **Rental Offset:** Short-term rental income from a U.S. property creates its own tax filing obligations in the U.S. — including Form 1040-NR and potentially FBAR obligations on rental income proceeds.
4. **Estate Planning:** Property held personally, through a corporation, or through a trust each has different U.S. and Canadian tax treatment. Review your holding structure with a cross-border advisor.

SECTION 5

Practical Compliance Calendar for Snowbirds

What to do before you leave, during your stay, and when you return.

PRE-DEPARTURE CHECKLIST (Before Leaving Canada)

- ☐ Calculate your SPT day count: total all U.S. days in the current year, prior year, and two years prior using the weighted formula.
- ☐ Confirm your I-94 record is accurate and up to date at i94.cbp.dhs.gov.
- ☐ Review your travel insurance coverage — ensure it covers extended U.S. stays and any existing medical conditions.
- ☐ Notify your Canadian financial institutions of your extended absence (some have rules about accounts held by non-residents).
- ☐ Review your estate documents — ensure your will and powers of attorney are valid and recognized in the U.S. state you are visiting.
- ☐ Confirm your U.S. property insurance is current and covers your planned stay dates.
- ☐ Note the date you entered the U.S. in a travel log — digital or paper.

DURING YOUR STAY

- ☐ Track every day of U.S. presence in a travel log (include dates of any trips back to Canada or to third countries).
- ☐ If your stay will exceed 30 days, ensure your I-94 or Form G-325R registration is complete.
- ☐ If you approach 120 days in the current year, consult a cross-border advisor immediately to assess your SPT exposure.
- ☐ Do not use your U.S. property address as your primary mailing address for Canadian financial accounts.
- ☐ Avoid establishing indicia of U.S. domicile: obtaining a U.S. driver's licence, registering to vote, or switching to a U.S. primary care physician permanently.

RETURNING TO CANADA / ANNUAL OBLIGATIONS

- ☐ File IRS Form 8840 (Closer Connection Exemption) if applicable — due June 15 for the prior tax year.
- ☐ File FBAR (FinCEN 114) if you had aggregate foreign account balances exceeding USD $10,000 at any point — due April 15, extended automatically to October 15.

- [ ] File Canadian T1 return reporting worldwide income as normal.
- [ ] If you received any U.S.-source income (rental, dividends, Social Security), ensure it is reported on both returns with treaty credits applied correctly.
- [ ] Update your day-count log and carry it into the next planning year.

SECTION 6

How a Cross-Border Financial Plan Protects You

Why domestic advisors miss what cross-border specialists catch.

Most financial advisors — regardless of how skilled they are in their home jurisdiction — are simply not equipped to navigate the intersection of two tax systems, two legal frameworks, and two retirement account structures. The issues outlined in this guide sit exactly in that gap.

What a Cross-Border Plan Actually Covers

SPT Monitoring	Ongoing day-count tracking integrated into your financial plan, with alerts when you approach risk thresholds.
Treaty Optimization	Ensuring the Canada-U.S. Tax Treaty benefits are properly claimed on both returns, reducing double taxation.
RRSP & Retirement Account Strategy	Coordinating RRSP, RRIF, TFSA, CPP, OAS, IRA, 401(k), and Social Security across both tax systems.
U.S. Property Planning	Reviewing holding structures, FIRPTA exposure, estate tax, and insurance adequacy for U.S. real estate.
Estate Planning	Ensuring your Canadian will is effective in the U.S. and that your estate does not face unnecessary dual probate or U.S. estate tax.
Currency Strategy	Building a long-term approach to managing USD/CAD exposure in retirement income and asset allocation.

A Real-World Scenario: The Scottsdale Couple

CASE STUDY

Situation: A retired couple from Vancouver owns a condo in Scottsdale. They spend November through April in Arizona (approximately 150 days). They have been doing this for six years. They have RRSPs, TFSAs, and a small non-registered portfolio in Canada, plus the Scottsdale condo. Neither has ever filed a U.S. return. **The 2025 Problem:** Under the new registration rules, their 150-day stay now requires registration. Their weighted SPT total — factoring in six years of 150-day stays — almost certainly exceeds 183. They have never filed Form 8840. They have never reported their Canadian accounts on an FBAR. Their TFSA growth has never been reported to the IRS. **The Cross-Border Solution:** A comprehensive review of their SPT position, a streamlined FBAR filing procedure for prior years, an estate plan that addresses their U.S. property, and an ongoing day-count monitoring protocol — all coordinated through a single cross-border advisor who understands both systems.

Conclusion: Five Actions to Take Now

The 2025 registration rules are not a reason to stop enjoying your winters in the sun. They are a reason to get organized. Here are the five most important things to do right now:

1. **Calculate Your SPT Position Today:** Add up your U.S. days for the current year, prior year (x 1/3), and two years prior (x 1/6). If your total approaches 150, consult a cross-border advisor before your next trip.

2. **Check and Update Your I-94 Record:** Visit i94.cbp.dhs.gov and confirm your entry records are accurate. If your last stay exceeded 30 days and you did not complete Form G-325R, get guidance on how to address this.

3. **File Form 8840 If You Have Not Already:** If you regularly spend more than 120 days per year in the U.S. and have not filed the Closer Connection Exemption, this is your most important near-term filing obligation.

4. **Review Your U.S. Property Holding Structure:** Meet with a cross-border advisor to confirm whether your property is held in the most tax-efficient and estate-efficient structure given current laws in both countries.

5. **Work With a Dually Licensed Cross-Border Advisor:** The issues covered in this guide sit at the intersection of U.S. tax law, Canadian tax law, immigration rules, and estate planning. Only an advisor with active credentials and experience in both jurisdictions can address all of them in a coordinated way.

Ready to Review Your Cross-Border Plan?

49th Parallel Wealth Management specializes exclusively in U.S.-Canada cross-border financial planning. Book a free 30-minute consultation with Lucas Wennersten, CFA, CFP® to review your snowbird compliance position.

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Appendix

KEY FORMS REFERENCE

Form	Purpose	Filed With	Deadline
I-94	Arrival/departure record — verify online	CBP (automated)	At entry
G-325R	Biographic registration for stays 30+ days	DHS electronically	Within 30 days of arrival
Form 8840	Closer Connection Exemption Statement	IRS with tax return or standalone	June 15
FinCEN 114 (FBAR)	Report foreign financial accounts >USD $10K	FinCEN (BSA e-file)	April 15 (auto Oct 15)
Form 8938 (FATCA)	Statement of foreign financial assets	IRS with Form 1040/1040-NR	With tax return
Form 1040-NR	U.S. nonresident income tax return	IRS	June 15 (with extension)
Form 8833	Treaty-based return position disclosure	IRS with tax return	With tax return

SPT CALCULATION WORKSHEET

	Your Days	Multiplier	Weighted Days
Current Year (Year A)	______	× 1.000	= ______
Prior Year (Year A-1)	______	× 0.333	= ______
Two Years Prior (Year A-2)	______	× 0.167	= ______
TOTAL WEIGHTED DAYS			**= ______**
SPT Triggered?	**If total ≥ 183: YES — consult a cross-border advisor immediately**		

GLOSSARY OF KEY TERMS

FBAR: Foreign Bank Account Report (FinCEN Form 114). Required of U.S. persons with foreign accounts exceeding USD $10,000 in aggregate at any point during the year.

FATCA: Foreign Account Tax Compliance Act. Requires U.S. persons to report foreign financial assets above specified thresholds on Form 8938.

FIRPTA: Foreign Investment in Real Property Tax Act. Requires buyers to withhold 15% of gross sale price when purchasing U.S. real property from a foreign person.

Form 8840: IRS form used to claim the Closer Connection Exemption to avoid U.S. tax residency under the Substantial Presence Test.

PFIC: Passive Foreign Investment Company. Many Canadian mutual funds and ETFs are classified as PFICs, triggering punitive U.S. tax treatment and Form 8621 reporting.

RRSP: Registered Retirement Savings Plan. Canadian retirement account. Growth is tax-deferred under the Canada-U.S. Tax Treaty for U.S. federal tax purposes (state rules vary).

SPT: Substantial Presence Test. IRS formula for determining whether a non-citizen is a U.S. tax resident based on days of physical presence.

TFSA: Tax-Free Savings Account. Canadian registered account. Not recognized as tax-exempt under U.S. tax law — income accrues annually for U.S. tax purposes.

U.S. Situs Assets: Assets legally located in the United States (including U.S. real property, U.S. stocks held directly) that are subject to U.S. estate tax regardless of the owner's citizenship.