

Twelve things a Canadian owner must settle

For Canadian residents owning a US LLC. Rules current to 10 October 2026.

- ☐ **Confirm the classification on both sides**
The IRS election is one question. ITA 95(1) is the other, and it always wins here.
- ☐ **Stop reporting it as flow-through in Canada**
What you receive is a dividend from a foreign corporation. Not business income.
- ☐ **Expect no gross-up and no dividend tax credit**
Those apply to Canadian dividends. A foreign dividend gets neither.
- ☐ **File Form 5472 with a pro forma 1120**
Single-member LLC, every year by April 15. Extensions available.
- ☐ **File Form 1065 with K-1s if multi-member**
Due March 15, with a Schedule K-1 for each member.
- ☐ **File T1135 above CAD 100,000**
It reports the property, not the income. The test is any time in the year.
- ☐ **File T1134 where the affiliate rules apply**
Six months after fiscal year-end.
- ☐ **Convert at the rate on each date**
Bank of Canada rates per receipt. Not one year-end rate for the whole year.
- ☐ **Check the foreign tax credit limits**
Per country and per income class, ITA 126(2). Check the year, not just the amount.
- ☐ **Time distributions against the US tax year**
The credit and the income it relieves must land in the same taxation year.
- ☐ **Register where you actually operate**
State filings and payroll follow the people and the inventory, not the formation state.
- ☐ **Keep everything six years**
Ownership documents, valuations, distribution receipts, conversions, every form filed.

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