

Welcome to *Policy Matters*, an engaging and informative e-newsletter featuring expert insight and analysis on emerging relocation products, policies and services that can provide immediate benefit to your organization.

## Canada and the United States – Relocating in Two Seemingly Similar Nations

Because the United States and Canada have much in common, the differences become even more important – and this applies to the relocation industry as well. In fact, in the last few years the industry has seen significant expansion of relocation activity cross border between the U.S. and Canada, as well as within Canadian borders. This activity has been driven by business expansion in North America and the need to move key personnel between Canadian cities.

With these increased levels of relocation, more companies are being tasked to expand and adjust their policies to incorporate Canadian transfers. When doing so, it is critical to evaluate both the similarities and differences between two countries and ensure your policy is adjusted to address these various factors.

### Intra Canada Relocation:

Some U.S.-based companies have attempted to apply their relocation policies to moves within Canada. Although certain best practices are similar (such as household goods shipments and the need for temporary living), there are elements that must be handled differently. When relocating inside Canadian borders versus within the U.S., some practices should be executed differently due to the following:

- **Tax systems.** U.S. mobility policies take into account tax opportunities within the U.S. tax system. Canada's taxes are different. Therefore, some advantages do not apply while other Canadian tax opportunities can be missed. A company may waste financial resources providing benefits incorrectly.
- **Legislation.** U.S. and Canadian tax legislation differ. Therefore, home sale and home purchase practices and fees, and disclosure requirements are different. U.S. policy may be nonsensical in a Canadian environment.
- **Financial.** Banking rules and mortgage practices are different. For example, portable mortgages are the norm in Canada, but not in the U.S.
- **Practices and terminology.** Due to sufficient differences in competitive practices and terminology between countries, companies should implement policies that are applicable to their employees or new hires, and competitive with other local organizations.

- **Country culture and identity.** Recognizing the sensitivity that individuals have about their countries is essential. Americans and Canadians are rightly proud of their heritage and unique culture. Forcing a policy and practice on another country's citizens could lead to resentment and cause employees to question the company's international standing and commitment.

When it comes to providing support while relocating within both the U.S. and Canadian borders, companies can implement a similar, overall approach to many of the provisions available for employees. As a result, it is not always necessary to completely re-write the policy. However in every case, certain adjustments need to be made to ensure the policy effectively and competitively meets the needs of assignees within both countries.

Below is an outline of policy elements which are similar when relocating within the U.S. and Canada, and elements which must be adjusted to meet the unique conditions of each country.

<b>Similar Policy Elements</b>	<b>Policy Elements Which Will Need Adjustment</b>
Philosophy	Eligibility
Lease break coverage	Home-sale assistance
Temporary living	Mortgage assistance and subsidy
Household goods shipment	Home-purchase assistance
Auto shipment	Tax liability assistance
Pet shipment	Loss-on-sale assistance
Storage in transit	Equity advance
Home finding	Duplicate housing assistance
Education assistance	COLA for some Canadian provinces
Spousal assistance	Language assistance
Miscellaneous allowance	
Repayment agreement	

### **Cross Border Relocation:**

What about moving employees cross border between the U.S. and Canada? In building a policy to fit this case, companies should first decide whether the move is an assignment (the individual is moving to the other country for a limited period of time) or permanent.

Regardless of whether the relocation is an assignment or is permanent, certain elements of a company's international policy should be universally applied, such as visa and immigration support, language training and settling-in services – while other policy elements will need to be adjusted based on this determination.

Assignment:

If the move is an **assignment**, then the company's international policy can be applied with a few exceptions, such as amendments to reflect the land border between the countries. For example:

- **Automobiles.** Allowing the assignee to transport their automobiles from one country to another rather than sell them with a "loss on sale" policy provision
- **Household Goods (HHG).** Greater flexibility in the shipping of HHG's. Restrictions on moving certain items by ship or air do not apply when moving by surface.
- **Travel.** Method of travel to the new location. This may be achieved by land rather than air.

Modifications to the international policy are practical and not significant in nature. However, companies should consider an international policy with these cross border moves – not force fit a U.S. or Canadian domestic policy.

#### Permanent Move:

If a move is **permanent**, many of the practices carried out for an assignment would also apply. However, the following items should be handled differently for those moving permanently:

- **Home sale.** If a move is permanent, employees should receive assistance in the sale of their homes under the company's original location domestic relocation policy.
- **Home purchase.** Employees should receive assistance in purchasing a property in the new location, under the company's new location domestic relocation policy.
- **Storage support.** This should not be provided. Since it's a permanent move, the company should not be responsible for reimbursing storage costs of belongings left behind.
- **Compensation and benefits.** The individual should transfer to the new country's compensation and benefits program, as well as the new countries tax and social security system.
- **Education.** The company should not be responsible for providing school reimbursement, as they would for an employee on assignment.
- **Tax support.** Tax advice and tax return completion should be provided for the first year. This ensures compliance for both the company and employees during the first year, which is a more complicated time period as company and employee have obligations in both countries.

**SIRVA has the expertise to assist you with all of your global relocation needs. For more information, visit [www.sirva.com](http://www.sirva.com) or e-mail Julian Yates at [Julian.yates@sirva.com](mailto:Julian.yates@sirva.com).**

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The foregoing is intended as general information only. SIRVA suggests that decisions as to your specific situation should be made only after full evaluation of your circumstances with your company leadership, tax and legal advisors, and HR personnel.

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