

Foreign Reporting Information Sheet

All legislative references on this form refer to the *Income Tax Act* (the Act). If the reporting taxpayer is a partnership, references to year or taxation year should be read as fiscal period and references to taxpayer should be read as partnership.

Do you have to file this form?

-All Canadian resident taxpayers (including non-resident trusts deemed resident in Canada by section 94 of the Act) are required to file the T1135, *Foreign Income Verification Statement* if at any time in the year the total cost amount of all Specified Foreign Property to the taxpayer was more than \$100,000 (Canadian).

-An individual (other than a trust) does **not** have to file a T1135 for the year in which the individual first becomes a resident of Canada (section 233.7 of the Act).

The following entities **do not** have to file this form:

- a mutual fund corporation or mutual fund trust;
- a non-resident-owned investment corporation;
- a person all of whose taxable income is exempt from Part I tax;
- a registered investment under section 204.4 of the Act;
- a trust described in any of paragraphs (a) to (e.1) of the definition of trust in subsection 108(1) of the Act;
- a trust in which all of the persons beneficially interested are persons described above;
- a partnership in which all the members are persons described above;
- a partnership where the share of the partnership's income or loss attributable to non-resident members is 90% or more of the income or loss of the partnership.

What property do you have to report?

You are required to report all Specified Foreign Property in accordance with subsection 233.3(1) of the Act which includes:

- funds or intangible property (patents, copyrights, etc.) situated, deposited or held outside Canada;
- tangible property situated outside of Canada;
- a share of the capital stock of a non-resident corporation held by the taxpayer or by an agent on behalf of the taxpayer;
- an interest in a non-resident trust that was acquired for consideration, other than an interest in a non-resident trust that is a foreign affiliate for the purposes of section 233.4;
- an interest in a partnership that holds a Specified Foreign Property unless the partnership is required to file a T1135;
- an interest in, or right with respect to, an entity that is a non-resident;
- a property that is convertible into, exchangeable for, or confers a right to acquire a property that is Specified Foreign Property;
- a debt owed by a non-resident, including government and corporate bonds, debentures, mortgages, and notes receivable;
- an interest in a foreign insurance policy;
- precious metals, gold certificates, and futures contracts held outside Canada.

Specified Foreign Property **does not** include:

- a property used or held exclusively in carrying on an active business;
- a share of the capital stock or indebtedness of a foreign affiliate;
- an interest in a trust described in paragraph (a) or (b) of the definition of "exempt trust" in subsection 233.2(1);
- a personal-use property as defined in section 54;
- an interest in, or a right to acquire, any of the above-noted excluded foreign property.

For frequently asked questions or examples, check our web site at: www.cra-arc.gc.ca/tx/nnrstdnts/cmmn/frgn/1135_fq-eng.html