

## T1135 – Foreign Income Verification Information Sheet – July, 2014

### When Are you Required To File?

Canadian taxpayers who hold specified foreign property with an aggregate cost of over \$100,000, at any time, during the tax year must file Form T1135 for that year. For jointly-owned property, the cost threshold is \$200,000 (i.e. \$100,000 per taxpayer).

Specified foreign property includes, but is not limited to, the following:

- Funds held outside Canada (this includes a bank account held with a foreign bank);
- Shares of non-resident corporations (this includes foreign securities held in a Canadian brokerage account);
- Foreign life insurance policies;
- Interest in non-resident trusts; and
- Real property located outside of Canada (does not include vacation or other properties held exclusively for personal use).

The filing due date for Form T1135 is the same as the due date for your tax return, which for individuals is April 30 (or June 15 if you are self-employed).

### What Information is Required?

For foreign property that **is not** held within a Canadian registered securities dealer, CRA requires taxpayers to disclose the following information about each foreign property **separately** on Form T1135:

- The country in which the property is located or from which it originates;
- The maximum cost amounts of the property during the tax year (in Cdn);
- The cost amount of the property at the end of the tax year (in Cdn); and
- The income or loss, and capital gain or loss realized from the property during the tax year (in Cdn).

For foreign property that **is** held within a Canadian registered securities dealer, CRA requires taxpayers to disclose the following information about each foreign property **aggregated by country** on Form T1135:

- The country in which the properties are located or from which they originate;
- The maximum fair value amounts of the properties during the tax year (in Cdn);
- The fair value amount of the properties at the end of the tax year (in Cdn); and
- The income or loss, and capital gain or loss realized from the properties during the tax year (in Cdn).

In 2013 there was an exception to the above reporting for foreign securities for which income was reported on a T3 or T5 slip issued by a Canadian financial institution. This exception has been removed for 2014 and subsequent years, so detail is required for all specified foreign property.

### Filing Dates and Penalties

It is important to ensure Form T1135 is filed annually on time. The due date for filing is April 30, 2015 (or June 15 for self-employed individuals). Otherwise you may be subject to the following consequences:

- Any forms filed after the due date are assessed late-filing penalties of \$25 per day, from a minimum \$100 up to a maximum of \$2,500.
- The normal reassessment period for your return is three years after the date on your notice of assessment. This reassessment period will be extended to six years if:
  - you did not report income from a specified foreign property on your return; or
  - you did not file Form T1135 on time, failed to identify the property, or identified the property incorrectly.

### What Steps You Can Take to Assist With the Preparation of Your 2014 Tax Return?

To assist our office with the preparation of your Form T1135, we recommend contacting your investment advisor in advance to request the information we will require to comply with the reporting requirements. If you maintain a discount brokerage account and do not have an investment advisor, we suggest that you either provide our office with all of your monthly investment statements for the tax year, or extract the required information from the statements yourself and provide us with a detailed summary when you drop off your tax information.

If you have any questions, we are here to help. Please feel free to contact our office at any time at (250) 220-7311.