

Foreign Income Verification Statement (Form T1135): Transitional rules announced

February 26, 2014

In brief

Taxpayers required to file Form T1135, 'Foreign Income Verification Statement,' must include additional information on foreign property, starting for taxation years ending after June 30, 2013. Today, the Canada Revenue Agency (CRA) announced that, for the 2013 taxation year, it will allow taxpayers to transition to the new requirements by permitting streamlined reporting for certain foreign property.

In detail

Background

Canadian investors who hold specified foreign property with a cost amount exceeding \$100,000, at any time in the year, are required to file Form T1135, 'Foreign Income Verification Statement' for that year.

A new version of the form (released June 25, 2013) applies to 2013 and subsequent taxation years, and is mandatory for taxation years ending after June 30, 2013.

The new form requires more detailed information on the investor's foreign property, but does not alter the criteria for who must file.

For more information, see our *Tax Insights* 'More details needed on Foreign Income Verification Statement (Form T1135): Ensure you comply' at www.pwc.com/ca/taxinsights.

Transitional rules

To assist the transition to the expanded information requirements, for the 2013 taxation year only, the CRA will provide relief in three ways.

1. Foreign property held with Canadian registered securities dealer

Taxpayers who held specified foreign property in an account with a Canadian registered securities dealer can report the combined value of this property, rather than the details of each property.

A taxpayer that chooses this reporting method must use it for all accounts with Canadian registered securities dealers.

2. Unit trusts

Similarly, unit trusts can report the combined value of all their specified foreign property, rather than the details of each property.

3. Extended filing deadline

The filing deadline for Form T1135 for the 2013 tax year is extended to July 31, 2014, for all taxpayers.

Let's talk

For a deeper discussion on what the transitional relief means for you or your company, please contact:

- your PwC advisor
- any of the individuals at www.pwc.com/ca/pcscontacts or:

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