



Streamlining Reporting Requirements for Foreign Assets

A Canadian-resident individual, corporation or trust that, at any time in a taxation year, owns specified foreign property with a total cost of more than \$100,000 must file a Foreign Income Verification Statement (Form T1135) with the Canada Revenue Agency. Form T1135 must also be filed by certain partnerships that hold specified foreign property. Specified foreign property generally includes funds and investments held outside of Canada, but excludes property used exclusively in carrying on an active business, real estate and other property that is for personal use, as well as shares and indebtedness of a foreign affiliate of the taxpayer. Property held in registered plans, such as Registered Retirement Savings Plans and Tax-Free Savings Accounts, are excluded from the Form T1135 reporting requirements.

The Canada Revenue Agency introduced a revised Form T1135 in 2013. The revised form requires taxpayers to provide more detailed information regarding each specified foreign property. Stakeholders have commented that this approach has resulted in a compliance burden for some taxpayers that may be disproportionate to the amount of their foreign investments.

To reduce the compliance burden on taxpayers while maintaining the Government's commitment to combatting international tax evasion and aggressive tax avoidance, Budget 2015 proposes to simplify the foreign asset reporting system for taxation years that begin after 2014. Under the revised form being developed by the Canada Revenue Agency, if the total cost of a taxpayer's specified foreign property is less than \$250,000 throughout the year, the taxpayer will be able to report these assets to the Canada Revenue Agency under a new simplified foreign asset reporting system. The current reporting requirements will continue to apply to taxpayers with specified foreign property that has a total cost at any time during the year of \$250,000 or more.