



October 2013

Re: New T1135 – Foreign Income Verification Statement

On June 25, 2013, the Canadian government announced the launch of a new T1135 – Foreign Income Verification Statement as one of their measures to “crack down on international tax evasion and aggressive tax avoidance”.

The criteria for those who must file a T1135 – Foreign Income Verification Statement have not changed; however, the new form has been revised to include more detailed information, which may be time consuming and onerous to obtain.

Filing Requirement

The updated form T1135 must be used for 2013 and subsequent taxation years. The form must be filed by Canadian resident individuals, corporations or trusts that, at any time during the year, owned specified foreign property (including most types of income-earning property held outside of Canada, other than personal property and property used in carrying on an active-business) costing in total more than \$ 100,000.

Changes to the Form T1135

The new form calls for more detailed information requirements for each specified foreign property including:

- description of each property
- the name of the specific foreign institution, investment or other entity holding funds outside Canada;
- the specific country to which the foreign property relates;
- the cost of the property at the end of the year, the highest cost amount during the year and the income, gains or losses generated from the foreign property for the year, on a property by property basis.

However, the new Form T1135 states that “where the reporting taxpayer has received a T3 or T5 from a Canadian issuer in respect of a specified foreign property for a taxation year, that specified foreign property is excluded from the T1135 reporting requirement for that taxation year” and the checking of a box on the form will be sufficient.

The dollar amount of those investments must still be considered, however, when determining the taxpayers total foreign assets and resulting T1135 filing requirement.

Extension of the normal reassessment period

For 2013 and subsequent taxation years, the budget proposed to extend the reassessment period by three years if a taxpayer has failed to report income from a foreign property on their income tax return and if the form was not filed on time, or included incorrect or incomplete information concerning a foreign property, or omitted to identify a specified foreign property.

Please feel free to contact us to review this matter in greater detail. For your reference, we attached herewith a copy of the new T1135 form. Thank you for your kind attention.

AY Au-Yeung & Company LLP
Chartered Accountants



For departmental use

Foreign Income Verification Statement

- This form must be used for the 2013 and later taxation years.
- Complete and file this form if at any time in the year the total cost amount to the reporting taxpayer of all Specified Foreign Property was more than \$100,000 (Canadian).
- Enter CAD (Canadian) or, where an election has been made to use a functional currency, other than the Canadian dollar, enter the functional currency code
- See attached instructions for more information about completing this form.

If this is an amended return check this box.

Identification

Check (✓) a box to indicate who you are reporting for, and complete the areas that apply

<input type="checkbox"/> Individual	First name	Last name	Initial	Social insurance number	Individual code <input type="checkbox"/> 1 <input type="checkbox"/> 2
<input type="checkbox"/> Corporation	Corporation's name			Business number (BN) R C	
<input type="checkbox"/> Trust	Trust's name			Account number T - -	
<input type="checkbox"/> Partnership	Partnership's name	Partnership code <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3		Partnership's account number R Z	

Reporting taxpayer's address

Number _____ Street _____

City _____ Province or territory _____ Postal code _____

For what taxation year are you filing this form? From Year Month Day to Year Month Day

Categories of Specified Foreign Property

Where the reporting taxpayer has received a T3 or T5 from a Canadian issuer in respect of a specified foreign property for a taxation year, that specified foreign property is excluded from the T1135 reporting requirement for that taxation year.

If any of the Specified Foreign Property held during the year is subject to the above exclusion, check this box:

In each of the following tables, provide the required details of each Specified Foreign property held at any time during the year. If you need additional space please attach a separate sheet of paper using the same format as the tables.

1. Funds held outside Canada

Name of bank/other entity holding the funds	Country code	Maximum funds held during the year	Funds held at year end	Income (loss)
Total				

2. Shares of non-resident corporations (other than foreign affiliates)

Name of corporation	Country code	Maximum cost amount during the year	Cost amount at year end	Income (loss)	Gain (loss) on disposition
Total					

3. Indebtedness owed by non-resident

Description of indebtedness	Country code	Maximum cost amount during the year	Cost amount at year end	Income (loss)	Gain (loss) on disposition
Total					

4. Interests in non-resident trusts

Name of trust	Country code	Maximum cost amount during the year	Cost amount at year end	Income received	Capital received	Gain (loss) on disposition
Total						

5. Real property outside Canada (other than personal use and real estate used in an active business)

Description of property	Country code	Maximum cost amount during the year	Cost amount at year end	Income (loss)	Gain (loss) on disposition
Total					

6. Other property outside Canada

Description of property	Country code	Maximum cost amount during the year	Cost amount at year end	Income (loss)	Gain (loss) on disposition
Total					

Certification

I certify that the information given on this form is, to my knowledge, correct and complete, and fully discloses the reporting taxpayer's foreign property and related information.			If someone other than the taxpayer or the partnership prepared this form, provide their:		
Print name			Name		
Sign here (It is a serious offence to file a false statement.)			Address		
Position/title					
Phone	Date	Postal code	Telephone		