

Revised CRA Form T1135, Foreign Income Verification Statement

On June 25, 2013, the Canada Revenue Agency (CRA) announced a strengthened Foreign Income Verification Statement (Form T1135) to target tax evasion ([News Release, Harper Government announces new requirements for Canadians with offshore property and income](#)).

Starting with tax years ending after June 30, 2013, Canadians and entities that hold specified foreign property with a cost amount of over \$100,000 in total, at any time in the tax year, must provide additional information to the CRA. This includes publicly traded shares and other foreign securities held in Canadian broker accounts. Accountants and taxpayers are experiencing difficulties because financial institutions do not report the details required by the new form. The new details are not readily available from existing systems in a format that will allow easy and accurate completion of the form by taxpayers or their tax professionals.

The IIAC supports the Government's efforts to crack down on tax evasion. The IIAC and its investment dealer members believe that Canadians holding foreign securities in Canada with a Canadian investment dealer present a very low risk of tax evasion. This is evident because the CRA allows clients with securities on which they earn income reported to them on T3s and T5s need only tick a box when they complete the T1135 instead of having to report detailed information regarding securities by country.

We have been working on this issue since 2012 and have been involved recently with other stakeholders, including CPA Canada, to bring the concerns of taxpayers and the tax community to the CRA. We appreciate the CRA's ongoing efforts to find a solution that balances combatting tax evasion with not unduly burdening honest taxpayers. We know that not yet having a solution is particularly difficult for clients in a tax refund position who want to file their T1135 with their income tax return now and for those legal entities with August 31 year-ends that must file by February 28. Investment dealer clients in either situation are encouraged to talk to their tax professional or contact the CRA regarding what to do.