Form T1135: Foreign Income Verification Statement

Income Verification Guide: Understanding Form T1135 for Specified Foreign Property

In Canada, Form T1135 is essential for residents, individuals, corporations, trusts, and partnerships holding Specified Foreign Property (SFP) with a combined cost exceeding C$100,000 at any point during the tax year. The submission deadline for Form T1135 aligns with the due date for the taxpayer's income tax or information return.

Specified Foreign Property Includes	Specified Foreign Property Excludes
▪ Funds or intangible assets (e.g., patents, copyrights) located or held outside Canada. Example: US$10,000 in a Swiss bank account. ▪ Tangible assets situated abroad. Example: A rental property in Mexico. ▪ Shares in non-resident corporations. Example: Apple Inc. shares on the Nasdaq, even if held via a Canadian broker. ▪ Canadian corporation shares held outside Canada. Example: BCE Inc. shares in a U.S. brokerage account. ▪ Debts owed by non-residents, including bonds and mortgages. Example: BNY Mellon Corp. bond in a Canadian account. ▪ Precious metals and related certificates or futures held abroad. Example: Gold bullion in a U.S. safety deposit box. ▪ Interests in non-resident trusts purchased for consideration. Example: Units of a mutual fund trust on a U.S. exchange. ▪ Interests in foreign insurance policies. ▪ Convertible properties, exchangeable for, or granting rights to acquire SFP. ▪ Interests in partnerships holding SFP, where the partnership doesn't file T1135.	▪ Property used or held solely for active business operations. ▪ Personal-use property. Example: A vacation home in Florida. ▪ Certain exempt trusts, like foreign retirement arrangements and employee benefit-focused tax-exempt trusts. ▪ Shares or debts of a foreign affiliate. ▪ Rights to acquire excluded SFP items.

Frequently Asked Questions

Who is required to file Form T1135?

- Taxpayers owning SFP exceeding C$100,000 during the tax year must file Form T1135. This includes individuals, corporations, trusts, and partnerships.
- New Canadian residents (excluding trusts) are exempt from filing Form T1135 in their first tax year.
- Exemptions also apply to entities such as mutual fund corporations, trusts, non-resident-owned investment corporations, and registered investments under section 204.4 of the Act, among others.
- Investors in Nicola Wealth Limited Partnerships holding SFP are exempt as the Limited Partnership entity files Form T1135.

Where can I find a foreign income report for T1135?

- The T1135 report will be included with the distribution of fiscal reports.

Should you have any questions, please contact a member of your Nicola Wealth Advisory Team.