

T1135 - GUIDE

Foreign Income Verification Statement

2021

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Foreign Properties Report

The Foreign Properties Report is a tool that will help you gather the necessary data to complete your personal tax return and, more specifically, if you need to complete Form T1135 – “Foreign Income Verification Statement,” issued by the Canada Revenue Agency (CRA). Please note that the *Foreign Properties Report* is not a form prescribed by the *Income Tax Act* (ITA). Therefore, it cannot replace the T1135 required by the CRA. This report contains data obtained from a number of sources we believe to be reliable. However, we cannot attest to the accuracy, quality, or the completeness of this information. Consequently, you (and/or your tax specialist) must analyze the content and determine what is relevant to properly complete Form T1135.

For information purposes only, you shall find hereinafter information on Form T1135 including a description of our *Foreign Properties Report* to help you complete Form T1135.

What is Form T1135 - "Foreign Income Verification Statement?"

All taxpayers (individuals, corporations, trusts) residing in Canada must complete and file Form T1135 if, at any time in the year, the total cost amount of their “specified foreign property” (please refer to definition below) had a “cost amount” (generally, the cost of acquisition of the property under the ITA) greater than \$100,000 in Canadian currency.

This form, prescribed by the ITA, helps tax authorities ensure that Canadian taxpayers disclose revenues derived from their foreign property. Since 1998, this form must be completed and filed annually to avoid onerous penalties for non-filing. For any previous years, if you omitted filing Form T1135, it is recommended that you contact your accountant or tax advisor prior to taking any action.

Specified Foreign Property

“Specified foreign property” is defined in Subsection 233.3(1) of the ITA. Generally speaking, it includes:

- > funds or intangible property (patents, copyrights, etc.) situated, deposited, or held outside Canada
- > tangible property situated outside Canada
- > a share of the capital stock of a non-resident corporation
- > a share of a corporation resident in Canada but held outside Canada
- > an interest in a non-resident trust that was acquired for consideration
- > an interest in a partnership that holds a specified foreign property unless that partnership is required to file Form T1135
- > a property that is convertible into, exchangeable for, or confers a right to acquire a property that is specified foreign property
- > a debt owed by a non-resident, including government or corporate bonds, debentures, mortgages, and notes receivable
- > an interest in a foreign insurance policy
- > precious metals, gold certificates, and futures contracts held outside Canada.

Please note: a building for personal use is not covered by the Form T1135.

“Specified foreign property” does not include personal-use property, or shares of the capital stock of corporations not resident in Canada held in a registered account (RRSP, TFSA, RESP, etc.) or held in a Canadian mutual fund/corporation.

For further detail, please refer to the CRA's website.

- > General Information:
<https://www.canada.ca/en/revenue-agency/services/tax/international-non-residents/information-been-moved/foreign-reporting/foreign-income-verification-statement.html>
- > Questions and Answers about T1135 Form (Q19-47):
<https://www.canada.ca/en/revenue-agency/services/tax/international-non-residents/information-been-moved/foreign-reporting/questions-answers-about-form-t1135.html>

Simplified Reporting Method

For 2015 and subsequent tax years, rather than providing the details for each foreign property or “by account and country,” it is possible for taxpayers who held specified foreign property with a total cost amount (e.g., all of their specified foreign property) of less than \$250,000 throughout the year to report according to the simplified reporting method.

Part A: Simplified reporting method

For each type of property that applies to you, check (✓) the appropriate box.

Type of property:

Funds held outside Canada	<input type="checkbox"/>
Shares of non-resident corporations (other than foreign affiliates)	<input type="checkbox"/>
Indebtedness owed by non-resident	<input type="checkbox"/>
Interests in non-resident trusts	<input type="checkbox"/>
Real property outside Canada (other than personal use and real estate used in an active business)	<input type="checkbox"/>
Other property outside Canada	<input type="checkbox"/>
Property held in an account with a Canadian registered securities dealer or a Canadian trust company	<input type="checkbox"/>

Country code:
Select the top three countries based on the maximum cost amount of specified foreign property held during the year. Enter the country codes in the boxes below:

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Income from all specified foreign property \$ _____

Gain(loss) from the disposition from all specified foreign property \$ _____

Privacy Act, personal information bank number CRA PPU 035
T1135 E (16) (Ce formulaire existe en français.)

Canada

Your tax slips and our *Foreign Properties* Reports (see the section entitled "*Foreign Properties Report*") contain all the necessary information required to complete Form T1135 - Part A, referred to as the "Simplified Method."

Reminder of the Detailed Reporting Method

If you hold “specified foreign property” held through a registered securities dealer or a Canadian trust company, you have two options available regarding Form T1135:

- 1- “Report by Account and by Country” — Category 7 of Form T1135.
 This section applies only to foreign properties held with a Canadian registered securities dealer or a Canadian trust company. In this category, for each account held at a securities dealer or trust company, you must identify the aggregate amount by country and indicate:
 - > the maximum fair market value during the year (which may be based on the maximum month-end fair market value)
 - > the fair market value at the end of the year
 - > the income (losses) generated by the asset, and
 - > the gains (losses) resulting from disposition of the asset.

7. Property held in an account with a Canadian registered securities dealer or a Canadian trust company					
Name of registered security dealer/Canadian trust company	Country code	Maximum fair market value during the year	Fair market value at year-end	Income	Gain (loss) on disposition
Total					

- 2- "Asset by Asset Report:" this section requests, for each of the specified foreign properties, the following information:
- > the name of the foreign corporation or foreign entity
 - > the country to which the asset belongs
 - > the maximum cost amount during the year
 - > the cost amount at the end of the year
 - > the income (losses) generated by the asset; and
 - > the gain (losses) resulting from disposition of the asset.

Part B: Detailed reporting method

Categories of specified foreign property

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

A taxpayer who held specified foreign property with a Canadian registered securities dealer or a Canadian trust company is permitted to report the aggregate amount, on a country-by-country basis, of all such property in Category 7, *Property held in an account with a Canadian registered securities dealer or a Canadian trust company*. See attached instructions for Category 7 for details as to how to report under this method.

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
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	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	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						

Other Relevant Information to Complete Form T1135

In the *Country codes section* in the "Instructions" portion of Form T1135, the CRA states that if there is uncertainty regarding the country code, "OTH" should be selected for "Other."

Excerpt from the CRA's Guide:

Country codes

For the list of country codes for tax purposes, see country codes or CRA publication T4061 of CRA entitled NR4 – Non-Resident Tax Withholding, Remitting and Reporting, Appendix A.

The country code for each category should identify the following:

- > Category 1 – the country where the funds are located;
- > Category 2 – the country of residence of the non-resident corporation;
- > Category 3 – the country of residence of the non-resident issuer;
- > Category 4 – the country of residence of the trust;
- > Category 5 – the country where property is located;
- > Category 6 – the country where property is located;
- > Category 7 – depending on the type of property, use the instructions above for categories 1 to 6.

If you are uncertain of the appropriate country code for a particular specified foreign property, select "OTH" for "Other."

Foreign Properties Report

A *Foreign Properties Report* can help identify the foreign properties held in your non-registered accounts. In addition, the report contains supplementary information that could help you complete Form T1135.

How to use Foreign Properties Report?

Information supplied by financial institutions

Your Investment Advisor can provide you with certain information regarding foreign properties held at NBFWM that could potentially be subject to Form T1135 – Foreign Income Verification Statement. Note, however, that the information received from only one financial institution may be insufficient or inaccurate to complete Form T1135. For example, if you choose the "Asset by Asset" method of reporting, the cost amount (i.e., generally the acquisition cost) or adjusted cost base for tax purposes (i.e., under the ITA, hereinafter referred to as the ACB) of an asset is not necessarily known by your financial institution.

You may hold identical securities in several financial institutions or in several non-registered accounts (dealer and direct broker), and therefore the book value of the securities in the report of one particular financial institution will not reflect the cost amount or the ACB of your identical securities held in all financial institutions, since the tax rules regarding "identical properties" will not have been respected. (See the section on fiscal ACB in the Tax and Investment Guide 2021.)

The Client's Responsibility

It is your responsibility to adequately complete Form T1135. You can mandate an external expert to help you with the foregoing. National Bank of Canada, its subsidiaries, and their Advisors do not offer this service. For information purposes only, your Advisor can provide certain information regarding your foreign securities held at NBFWM, which should help you complete Form T1135.

Description and Limitations of the *Foreign Property Report*

Your Advisor can provide two separate Foreign Property Reports:

- 1- The "Month End Market Value Report," which is helpful for completing Category 7 of Form T1135 - Part B (Detailed Reporting Method); and/or
- 2- The "Month End Book Value Report," which is helpful for completing Categories 2, 3 or 4 of Form T1135 - Part B (Detailed Reporting Method).

Note that the two reports can also provide the information necessary for completing Part A of Form T1135 (Simplified Reporting Method).

How to use the "Month End Market Value Report" to complete Form T1135: Category 7 "Property held in an account with a Canadian registered securities dealer or a Canadian trust company"

Form T1135's Category 7 requires information regarding the fair market value by country and by account. For this purpose, Form T1135's instructions specify: "The maximum fair market value during the year may be based on the maximum month-end fair market value." Hence, for each country, the monthly report allows you to identify the highest month-end fair market value.

As well, it is possible that certain securities may be identified in the "Unknown" section due to lack of information. At this time, the CRA allows you to select "OTH" for "Other" in the Country code section.



MR. NICOLAS COPERNIC (88-9991)

Period from January 1, 2021 to December 31, 2021

Your Wealth Advisor

FOREIGN PROPERTY (CAD)

MONTH END MARKET VALUE / LONG POSITIONS

Description	Symbol	January 2021	February 2021	March 2021	April 2021	May 2021	June 2021	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021	Income	Realized Gains and Losses
AUSTRALIA															
WOODSIDE PETROLEUM ORD	742114	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27,082.50	32,938.50	32,604.00	29,299.50	30,376.50	0.00	0.00
Total Australia		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,083	\$ 32,939	\$ 32,604	\$ 29,300	\$ 30,377	\$ 0	\$ 0
UNKNOWN															
AGL ENERGY LTD	AGLNF	207,949.95	170,072.10	171,049.95	156,861.90	140,496.75	141,197.85	122,692.50	110,238.75	98,061.75	98,615.25	90,810.90	104,611.50	13,079.69	0.00
AUST & NZLD BANKING GROUP	ANWF	41,936.40	46,341.00	48,731.40	49,255.20	48,465.00	47,289.60	45,873.00	46,438.20	46,593.00	47,334.60	43,806.60	45,727.20	2,363.92	0.00
COMMONWEALTH BANK AUSTRAL	CBAUF	97,946.40	96,374.40	99,578.40	101,740.80	112,392.00	111,733.20	110,251.20	110,808.00	113,322.00	117,614.40	101,864.40	114,021.60	3,936.95	0.00
Total Unknown		\$ 347,833	\$ 312,788	\$ 319,360	\$ 307,858	\$ 301,354	\$ 300,221	\$ 278,817	\$ 267,485	\$ 257,977	\$ 263,564	\$ 236,482	\$ 264,360	\$ 19,381	\$ 0
TOTAL		\$ 347,833	\$ 312,788	\$ 319,360	\$ 307,858	\$ 301,354	\$ 300,221	\$ 278,817	\$ 294,567	\$ 290,915	\$ 296,168	\$ 265,781	\$ 294,737	\$ 19,381	\$ 0

SUMMARY LONG POSITIONS

Country	Maximum Market Value During the Year	Market Value at Year End	Earned Income	Realized Gains/Losses
Unknown	347,832.75	264,360.30	19,380.56	0.00
Australia	32,938.50	30,376.50	0.00	0.00
Total	380,771.25	294,736.80	19,380.56	0.00

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How to use the "Month End Book Value Report" to complete Form T1135: Categories 2, 3 and, 4 ("Asset by Asset")

If you choose to complete Categories 2, 3, and 4 of Form T1135, you will need the cost indicated for each asset (i.e., generally the acquisition cost). The "book value" is indicated on a monthly basis so that you can identify the month with the highest value for each asset, as well as the asset's book value at the end of the year. Note that for Categories 2, 3 and 4 ("Asset-by-Asset"), the summary and the totals are not helpful. You should remember that it is possible the book value indicated in the report is not equal to the cost to the client for the security.

														MR. NICOLAS COPERNIC (88-9991)	
Your Wealth Advisor														Period from January 1, 2021 to December 31, 2021	
FOREIGN PROPERTY (CAD)															
MONTH END BOOK VALUE / LONG POSITIONS															
Description	Symbol	January 2021	February 2021	March 2021	April 2021	May 2021	June 2021	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021	Income	Realized Gains and Losses
AUSTRALIA															
WOODSIDE PETROLEUM ORD	742114	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27,872.68	27,872.68	27,872.68	27,872.68	27,872.68	0.00	0.00
Total Australia		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,873	\$ 27,873	\$ 27,873	\$ 27,873	\$ 27,873	\$ 0	\$ 0
UNKNOWN															
AGL ENERGY LTD	AGLNF	263,166.26	263,166.26	263,166.26	263,166.26	263,166.26	263,166.26	263,166.26	263,166.26	263,166.26	263,166.26	263,166.26	263,166.26	13,079.69	0.00
ALIST & NZLD BANKING GROUP	ANEWF	44,542.01	44,542.01	44,542.01	44,542.01	44,542.01	44,542.01	44,542.01	44,542.01	44,542.01	44,542.01	44,542.01	44,542.01	2,363.92	0.00
COMMONWEALTH BANK AUSTRAL	CBAUF	80,360.96	80,360.96	80,360.96	80,360.96	80,360.96	80,360.96	80,360.96	80,360.96	80,360.96	80,360.96	80,360.96	80,360.96	3,936.95	0.00
Total Unknown		\$ 388,069	\$ 388,069	\$ 388,069	\$ 388,069	\$ 388,069	\$ 388,069	\$ 388,069	\$ 388,069	\$ 388,069	\$ 388,069	\$ 388,069	\$ 388,069	\$ 19,381	\$ 0
TOTAL		\$ 388,069	\$ 388,069	\$ 388,069	\$ 388,069	\$ 388,069	\$ 388,069	\$ 388,069	\$ 415,942	\$ 415,942	\$ 415,942	\$ 415,942	\$ 415,942	\$ 19,381	\$ 0
SUMMARY LONG POSITIONS															
Country		Maximum Book Value During the Year	Book Value at Year End	Earned Income	Realized Gains/Losses										
Unknown		388,069.23	388,069.23	19,380.56	0.00										
Australia		27,872.68	27,872.68	0.00	0.00										
Total		415,941.92	415,941.92	19,380.56	0.00										
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Limitations Applicable to *Foreign Property Report*

Although the information contained in the reports can help you produce your income tax return as well as Form T1135, some limitations must be noted:

- > Certain securities may not be “specified foreign properties” and, as a result, would not need to be included on Form T1135. You, your accountant, or an external tax expert should identify which securities correspond to the definition prior to completing the Form. In this situation, please contact your Advisor.
- > The book value does not necessarily represent the cost amount (e.g., acquisition cost) or the ACB of your asset. Accordingly, the gain (loss) column may not represent the “tax” gain (loss). For example, the adjusted cost base of a security must reflect the cost of all the identical securities held in all of your non-registered accounts across all financial institutions.
- > It is recommended that you reconcile the total of the “Income” column of the Report with what is stated on your income tax return and tax slips.

The report may have some inconsistencies with respect to certain securities.

You agree to release NBFWM, its affiliates, employees, agents, representatives, officers and directors, even in the case of gross negligence or misconduct on the part of NBFWM or the latter, from and against all liabilities, claims, losses and/or damages (including legal fees and expenses) and from all proceedings, claims or any other cause of action as to the accuracy of the information herein (as well as in the mentioned documents and statements) and the fiscal impacts resulting from their use.

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