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Questions and answers about Form T1135

This webpage addresses many of the more commonly asked questions about [Form T1135](#).

For more information or specific details, call the general enquires line at:

- **1-800-959-5525** for businesses, self-employed individuals, and partnerships
- **1-800-959-8281** for individuals (other than self-employed individuals) and trusts

These questions are organized by category. Click on the topic below to view the list of questions related to that topic.

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General filing information

When is a taxpayer required to file Form T1135, *Foreign Income Verification Statement*?

Form T1135 must be filed on or before the due date of the taxpayer's income tax return or, in the case of a partnership, the due date of the partnership information return, even if the income tax return (or the partnership information return) is not required to be filed. For more information about filing deadlines and specified foreign property, go to [Foreign Income Verification Statement](#).

Can I file Form T1135 electronically?

Yes.

Individuals can file Form T1135 electronically using [EFILE](#) or [NETFILE](#) for the 2017 and later tax years.

Corporations can file Form T1135 electronically using [EFILE](#) for the 2014 and later tax years.

Partnership can file Form T1135 electronically using [EFILE](#) or [NETFILE](#) for the 2017 and later tax years.

Trusts can file Form T1135 electronically using [EFILE](#) for the 2021 and later tax years.

When you file electronically, you will receive a confirmation number indicating that the Canada Revenue Agency (CRA) has received your form. Keep this number for your records.

Can I electronically file Form T1135 for previous periods using the current version of the form?

No. However, individuals can file Form T1135 electronically using tax software starting with the 2017 tax year. For years before 2017, the form has to be paper filed.

Corporations can EFILE Form T1135 electronically for the 2014 and later tax years. However, for the years before 2014, the form has to be paper filed. For more information, see [Can I use the simplified reporting method to file my prior period returns?](#) and [Can I amend my previously filed return and use the simplified reporting method?](#).

Can I file the information requested on Form T1135 on schedules attached to the form?

The online version of the form contains several features that ensure data integrity. Schedules attached to the form do not have these features. For this reason, the CRA (Canada Revenue Agency) requests that you complete the T1135 prescribed form. If you need more space, attach a schedule to the prescribed form. The schedule must be in the identical format as the tables on Form T1135. The CRA (Canada Revenue Agency) will not accept other methods of providing the required T1135 information.

I have received my notice of assessment and it has a reminder to file Form T1135. Does this mean that the CRA (Canada Revenue Agency) has not received my form?

No. This reminder is automatically included on a notice of assessment whenever a taxpayer has indicated on their tax return that they have specified foreign property with a total cost amount of more than \$100,000.

How do I amend a previously filed form?

The CRA (Canada Revenue Agency) encourages taxpayers to use the most current version of Form T1135 for all tax years. However, the CRA (Canada Revenue Agency) will accept amended forms filed on the same version of the form as originally filed. Make sure that the amended-return box has been ticked and that all required information has been provided, not just the amended information. For more information, see [Can I use the simplified reporting method to file my prior period returns?](#) and [Can I amend my previously filed return and use the simplified reporting method?](#).

If I emigrated from Canada during the year, do I need to file Form T1135 for the entire tax year?

No. Although the *Income Tax Act* technically requires reporting for the full tax year, the CRA (Canada Revenue Agency) only requires information on specified foreign property for the period you were a resident of Canada. You may complete Form T1135 as if your tax year ended on the date you ceased to be a resident of Canada.

Do I have to report foreign personal-use property on Form T1135?

No, you do not have to report personal-use property. This includes vacation property that you use primarily as a personal residence (see real property questions below) and listed personal property such as works of art, jewelry, rare folios, rare manuscripts, rare books, stamps, and coins.

If I have an investment in a U.S. (United States) mutual fund trust that holds portfolio investments in several corporations that are resident in Europe and Asia, what country code should I use on Form T1135?

Your investment is an interest in a U.S. (United States) mutual fund trust and not in the underlying investments of the trust. Report the country code of the residence of the trust, in this case, the USA (United States of America) (U.S.A.).

If I hold shares of a U.S. (United States) (United States) corporation in a United Kingdom brokerage account, should the country code of the shares be USA (United States of America) (U.S.A) or GBR (Great Britain) (G.B.R)?

For the purposes of Form T1135, the country code for shares of a non-resident corporation is the country of residence of the corporation. Therefore, code these shares as USA (United States of America) (U.S.A).

Cost amount and the \$100,000 reporting threshold

Is the \$100,000 threshold based on the fair market value of the property?

No, it is based on the cost amount. The cost amount is defined in subsection 248(1) of the Income Tax Act and generally is the adjusted cost base and not the fair market value.

Assume that in 2013 I held shares in a non-resident corporation with a cost amount of \$75,000 and, at the same time, I had a bank account in the U.S. (United States) with \$35,000 on deposit. Am I exempt from filing Form T1135 since neither of the foreign properties has a cost amount greater than \$100,000?

No. You must file Form T1135 since the total cost amount of all specified foreign property exceeds the \$100,000 threshold ($\$75,000 + \$35,000 = \$110,000$).

Assume I held specified foreign property during the year with a cost amount of more than \$100,000, but held less than \$100,000 at the end of the year (or no longer held the property). Do I still have to file Form T1135?

Yes. As long as you met the reporting requirement threshold of \$100,000 at any time in the year, you must report on Form T1135 all **specified foreign properties** held during the year, even if you sold any or all of the property before the end of the year.

How do I determine the cost amount of foreign property acquired by way of gift, bequest, or inheritance?

The cost amount of foreign property acquired by way of gift, bequest, or inheritance is its fair market value at the time the gift, bequest, or inheritance was received.

Part A – Simplified reporting method

What revisions are being made to the 2015 version of Form T1135?

The form has been redesigned to implement a two-tier information reporting structure for specified foreign property. Part A is a new simplified reporting method for taxpayers who held specified foreign property with a

total cost of less than \$250,000 throughout the year. This reporting method allows taxpayers to tick the box for each type of property they held during the year, rather than providing details for each property.

Part B, the current detailed reporting method, will continue to apply to those taxpayers who, at any time during the year, held specified foreign property with a total cost of \$250,000 or more.

If I owned specified foreign property with a total cost of more than \$100,000 but less than \$250,000 throughout the year, can I file Form T1135 using the detailed reporting method in Part B?

You can choose either the simplified reporting method in Part A or the detailed reporting method in Part B. If you choose to complete Part B, you must use this method for reporting each specified foreign property in the appropriate category. If you complete Part B, do not complete Part A (and vice versa).

Is the threshold to use the simplified reporting method in Part A based on the cost amount or the fair market value?

Part A reporting is based on cost amount. The cost amount is defined in subsection 248(1) of the *Income Tax Act* and generally is the adjusted cost base of a property.

If I own specified foreign property in more than three countries, how do I determine the country codes for Part A?

The month end cost amount of all specified foreign property should be aggregated on a country-by-country basis. Choose the top three countries based on the highest month end cost amount. Refer to the country code instructions on the form to determine the appropriate country for each property.

Can I use the simplified reporting method to file my prior period returns?

Yes, as long as you meet the reporting requirement of Part A. This means the total cost of all specified foreign property in that previous period was more than \$100,000, but less than \$250,000 throughout the year; however, if at any time during that prior period, you held specified foreign property with a total cost of \$250,000 or more, you must complete Part B: Detailed reporting method.

Can I amend my previously filed return and use the simplified reporting method?

Yes, as long as you meet the reporting requirement of Part A. This means the total cost of all specified foreign property was more than \$100,000, but less than \$250,000 throughout the year. However, if at any time during that prior period, you held specified foreign property with a total cost of \$250,000 or more, you must complete Part B: Detailed reporting method.

Specified foreign property (as defined in subsection 233.3(1) of the *Income Tax Act*)

Are shares of non-resident corporations held through a broker (Canadian or foreign) specified foreign property?

Yes. Shares of non-resident corporations are specified foreign property and should be reported, regardless of whether the shares are held through a broker.

Are shares of a Canadian resident corporation held by a non-resident agent for the benefit of a Canadian reporting entity considered a specified foreign property for purposes of Form T1135?

Yes. Shares of a corporation are intangible property and will be specified foreign property if they are situated, deposited or held outside Canada. As a result, the shares of a Canadian resident corporation that are held by on deposit with foreign agent constitute specified foreign property and would be reported in category 6, "Other property outside Canada," with the country code indicating the location of the agent.

Does specified foreign property include shares denominated in a foreign currency issued by a Canadian resident corporation?

No. The currency of a property does not determine whether it is a specified foreign property. For more information, see [Are shares of a Canadian resident corporation held by a non-resident agent for the benefit of a Canadian reporting entity considered a specified foreign property for purposes of Form T1135?](#).

Does specified foreign property include property that does not produce income (for example, vacant land)?

Yes. Specified foreign property includes property that does not produce income.

Does a life insurance policy issued by a foreign issuer meet the definition of specified foreign property? If yes, how is the cost amount of foreign insurance policy determined?

Yes, a life insurance policy issued by a foreign issuer meets the definition of specified foreign property. The **adjusted cost basis** of an interest in a life insurance policy is defined in subsection 148(9) of the *Income Tax Act*. This amount can be considered as a reasonable approximation of the cost amount of the property for the purpose of Form T1135.

Income and gain (loss) on disposition

Canadian residents must file Form T1135 when the cost amount of their foreign property exceeds \$100,000 at any time during the year. Does this mean that a person does not have to report income from foreign property where the cost amount of that property is below \$100,000?

Canadian resident taxpayers must report and include in their income for Canadian tax purposes all the income they earn from foreign property, regardless of the cost amount of foreign property.

If the cost amount of the taxpayer's foreign property exceeds \$100,000, the taxpayer must **also** file Form T1135.

The \$100,000 threshold means that many Canadians do not need to comply with the reporting requirements of Form T1135, but this does not exempt them from paying tax on any income earned on such property.

Do I report the gross income or the net income?

You must report gross income from the specified foreign property on Form T1135.

Is the "gain (loss) on disposition" the capital gain (capital loss) or the taxable capital gain (allowable capital loss) on the disposition of a specified foreign property?

The "gain (loss) on disposition" is the capital gain (capital loss) and **not** the taxable capital gain (allowable capital loss).

Where a taxpayer's specified foreign property is an interest in a partnership that realizes a capital gain (loss), should this be reported as a "gain (loss) on disposition" or "income"?

The taxable portion of a capital gain realized on the disposition of the underlying assets of a partnership that is a specified foreign property should be reported as income. Only the gain (loss) on the disposition of the partnership interest itself should be reported as a "gain (loss) on disposition".

Can capital losses from the disposition of Canadian property be netted against capital gains realized on the disposition of specified foreign property in completing Form T1135?

No. The income and the gain (loss) on the disposition of each particular specified foreign property have to be reported separately on Form T1135. You cannot offset Canadian capital losses against foreign capital gains on Form T1135. Note that the purpose of Form T1135 is to identify foreign property and not to calculate taxable income.

Reporting responsibility

A joint venture has property outside Canada with a cost amount in excess of \$100,000 and the property is not used in an active business. Should the joint venture file Form T1135 or should each party to the joint venture agreement file the information return, based on the cost amount of the property owned by each of them?

A joint venture does not have to file Form T1135. However, each party to the joint venture that is a specified Canadian entity may have to file Form T1135, based on the cost amount of the property owned by each of them.

Does a non-resident who has employment income earned in Canada have to file Form T1135?

Only taxpayers **resident in Canada** have to file Form T1135, although a non-resident still may be taxable on employment income earned in Canada.

If a partnership holds specified foreign property, who has to file Form T1135, the partnership or the Canadian partner(s)?

A partnership has to file a Form T1135 if it is a specified Canadian entity and, at any time during the reporting period, the total cost amount of all specified foreign property it held was more than \$100,000. A partnership

will be a specified Canadian entity where the total of all amounts, each of which is the income (or loss) attributable to non-resident partners, is less than 90% of the partnership's total income (or loss).

If a Canadian resident taxpayer holds an interest in a partnership that is a specified Canadian entity, the taxpayer is **not** required to report their interest in the partnership on Form T1135.

If a Canadian resident taxpayer holds an interest in a partnership that is **not** a specified Canadian entity, a taxpayer is required to report their interest in the partnership on Form T1135 if the partnership holds specified foreign property. The taxpayer should provide the details of their partnership interest in category 6, "Other property outside Canada."

What are the implications of the partners if a partnership, that is a specified Canadian entity, does not file Form T1135 on time or accurately?

If a partnership that is required to file Form T1135, but does not file the form on time or accurately, **and** a partner fails to report income from a specified foreign property on their tax return, the normal reassessment period for that Canadian resident partner will be extended by three years.

Does a day trader have to file Form T1135?

Property that is used or held exclusively in the course of carrying on an active business is not required to be reported on Form T1135.

The determination of whether the activities of day trader constitute carrying on an active business is a question of fact that can only be determined on a case-by-case basis.

Does specified foreign property held in registered plans, such as registered retirement savings plans (RRSPs) or tax-free saving accounts (TFSAs), have to be reported on Form T1135?

Specified foreign property held in an RRSP (registered retirement savings plan) or a TFSA (tax-free saving account) is excluded from Form T1135 reporting requirements.

Does specified foreign property held in a Canadian mutual fund trust have to be reported on Form T1135?

A Canadian mutual fund trust (as defined in the *Income Tax Act*) is excluded from the definition of specified Canadian entity, so it does not have to file Form T1135. Also, the investor does not have to report their investment in a Canadian mutual fund trust because it is not a specified foreign property.

The same applies to Canadian mutual fund corporations (as defined in the *Income Tax Act*).

Does specified foreign property held by a non-resident mutual fund (trust or corporation) have to be reported on Form T1135?

Generally, the investment in a non-resident mutual fund, not the underlying property, would be a specified foreign property to the investors. Therefore, the investors only have to report their investment in the mutual fund on Form T1135.

What is the reporting requirement for new immigrants? How is the cost amount determined for property that was owned at the time of immigration to Canada?

An individual does **not** have to file Form T1135 for the tax year in which he or she first became resident in Canada. For a new resident, the cost amount of foreign property is its fair market value at the time he or she first became resident in Canada. Use this fair market value in determining the new resident's Form T1135 filing requirement for future years.

Real property

If an individual owns a condominium in Florida that has a cost amount of \$120,000, is the property specified foreign property for the purposes of Form T1135 if the condominium is:

- a. used exclusively by the taxpayer as a vacation property?**
- b. rented out for eight months of the year with a reasonable expectation of profit and kept for personal use the other four months?**
- c. rented out for part of the year without a reasonable expectation of profit for the purpose of recovering a portion of condominium expenses?**

Specified foreign property does not include personal-use property. Personal-use property is generally defined as property owned by the taxpayer that he or she or a related party uses primarily for personal or

enjoyment purposes. The CRA (Canada Revenue Agency) takes the view that "primarily" means more than 50%. Whether a particular property is primarily for personal use or enjoyment is a question of fact that is determined on a case-by-case basis.

In situation (a), the individual does not need to report the condominium since it is held primarily for personal use or enjoyment.

In situation (b), the property is not held primarily for personal use or enjoyment. As a result, it is a specified foreign property and has to be reported on Form T1135.

In situation (c), if there is no reasonable expectation of profit and the individual is merely recovering part of the condominium expenses, the CRA (Canada Revenue Agency) will consider it a personal-use property. As such, the property is not a specified foreign property and is excluded from the reporting requirements of Form T1135.

A taxpayer owns a four-unit property located outside of Canada. One unit is personal-use property of the taxpayer and the other three units are rented out with a reasonable expectation of profit. What are the Form T1135 reporting requirements? Assume the taxpayer owns other specified foreign property with a total cost amount in excess of the \$100,000 reporting threshold.

If all of the units have roughly the same size and value, the property would be a specified foreign property and the taxpayer would have to report the entire cost amount of the property on Form T1135. Since 75% of the property is rented out for profit, it is not considered to be personal-use property.

If a Canadian corporation has a warehouse in England with a cost amount of \$900,000 used to store business inventory, is the warehouse a specified foreign property?

A property that is used or held exclusively in the course of carrying on an active business is excluded from the definition of specified foreign property. If the warehouse is used only for storing inventory used in the corporation's business, it does not have to be reported on Form T1135.

If a taxpayer acquires a specified foreign property for \$500,000 with a down payment of \$50,000 and the balance financed through a mortgage, does the taxpayer have to file Form T1135 if the property is his or her only foreign property?

Yes, the taxpayer still has to file Form T1135. Although the down payment is \$50,000, the cost amount of the property, being \$500,000, exceeds the \$100,000 reporting threshold.

If a taxpayer enters into a purchase contract to buy a \$500,000 specified foreign property that will be built and completed in two years, but has made a down payment of \$50,000, does the taxpayer have to report it if it is his or her only foreign property?

The purchase contract should be reviewed to determine when the taxpayer acquires the property. If the **title of the property** has not passed to the taxpayer, the taxpayer does not have to report this foreign property.

Reassessment period and penalties

Are there penalties for failure to file Form T1135 or for omitting any information on the form?

Certain penalties apply for failing to file Form T1135 by the reporting deadline and for making a false statement or omission of the required information. For more information, go to Table of penalties.

Relief may be granted from these penalties under the taxpayer relief provisions upon a written request from the taxpayer. Each request is considered on its own merit and circumstances. See Form RC4288, Request for Taxpayer Relief for more information.

Under what circumstances is the normal reassessment period extended as a result of not filing Form T1135 correctly?

For the 2013 and later tax years, the period within which the CRA (Canada Revenue Agency) can reassess a taxpayer's tax return is extended by three years if both of the following conditions have been satisfied:

- the taxpayer has failed to report income from a specified foreign property on their income tax return
- Form T1135 was not filed, not filed on time, or filed inaccurately

Voluntary Disclosures Program

Is the Voluntary Disclosures Program available to Form

T1135 filers?

Yes, the Voluntary Disclosures Program may be available if certain conditions are met. Taxpayers who have provided incomplete information, omitted information, or who have not filed Form T1135 are encouraged to come forward and correct their tax affairs through the program. To qualify for the program, a taxpayer must file a valid disclosure.

Other frequently asked questions

How do I report specified foreign property held through a Canadian broker?

Taxpayers can provide the details of each specified foreign property in the appropriate category. However, if the property is held with a Canadian **registered securities dealer** (as defined in subsection 248(1) of the *Income Tax Act*) or with a Canadian trust company (as determined under paragraph (b) of the definition of a **restricted financial institution** in subsection 248(1)), taxpayers are permitted to report the aggregate amount of all specified foreign property on a country-by-country basis in Category 7, "Property held in an account with a Canadian **registered securities dealer** or a Canadian trust company."

How do I know if my securities are held by a Canadian registered securities dealer or a Canadian trust company?

The organization or person holding your securities will be able to confirm if they are a Canadian **registered securities dealer** (as defined in subsection 248(1) of the *Income Tax Act*) or a Canadian trust company (as determined

under paragraph (b) of the definition of a **restricted financial institution** in subsection 248(1)).

Forms and publications

- Form T1135, *Foreign Income Verification Statement*

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