

FOREIGN PROPERTY

Every year you are required by CRA to answer the following question.

Did you own or hold foreign property* at ANYTIME in 2025 with a cost of CAD \$100,000 or more?

It is important to note that foreign property **does not just include real estate property**, see below for listing of some of the most common types of foreign property.

If the answer is yes, you must file a T1135-Foreign Income Verification Statement. This form must be filed annually on or before the due date of your income tax return. There are substantial penalties for failing to file a T1135 by the due date.

There are a few points worth reviewing.

- You must file a T1135 if at **ANYTIME** in the year you held foreign property with a cost of \$100,000 or more. This is the total cost of all various foreign property held at any time in the year.

- The \$100,000 is Canadian dollars and it is based on COST not fair market value.

- You do not have to report property held for personal use-for example vacation property used by you primarily as a personal residence (you do not rent out), listed personal property (e.g. art, jewelry, etc.)

- *-You only have to report property that is a specified foreign property-some of the most common (but not all inclusive) are:

- funds in foreign bank accounts

- shares of Canadian corporations on deposit with foreign brokers/accounts (non-registered)

- shares of foreign corporations held with a Canadian broker/accounts (non-registered accounts)

- land and buildings located outside of Canada (e.g. foreign rental property)

- interests in mutual funds that are organized in a foreign jurisdiction (non-registered accounts).

- debts owned by non-resident (e.g. government or corporate bonds)

- foreign retirement plans (e.g. US 401K), however US Individual Retirement Account (IRA) are specifically excluded.

When you go to answer this question, you need to review your investment/capital holdings carefully to determine if you held foreign property over \$100,000 at any time in 2025.

If the total of all foreign property you held at any time in the year is over \$100,000 you must file a T1135.

You should obtain foreign property reports from your broker(s) for ALL non-registered accounts you hold.

For details of all of the specified foreign properties that must be reported and to help you determine if you must file a T1135 for the 2025 taxation year please contact us any time.