

Part III – Nature of income of "controlled" foreign affiliate (do not complete for not-controlled foreign affiliates)

Section 1 – Employees per business

How many full-time employees or employee equivalents (as defined in subparagraphs (c)(i) and (ii) of the **investment business** definition in subsection 95(1) of the Act) did the foreign affiliate employ on a business by business basis throughout each taxation year of the affiliate ending in the reporting entity's taxation year? (Enter the appropriate NAICS code(s) from the link in the attached instructions).

	Business (NAICS) code	Number of full-time employees or employee equivalents			Business (NAICS) code	Number of full-time employees or employee equivalents	
		1 to 5	More than 5			1 to 5	More than 5
1.	<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>	3.	<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>	4.	<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section 2 – Composition of revenue

Give the amount of the controlled foreign affiliate's gross revenue from a business or property for the affiliate's taxation year(s) ending in the reporting entity's taxation year, derived from each of the following sources:

Source	Foreign affiliate's gross revenue amount and currency code		
(i) Interest – From other foreign affiliates of the reporting entity	Amount	Currency code	<input type="text"/>
Interest – Other	Amount	Currency code	<input type="text"/>
(ii) Dividends – From other foreign affiliates of the reporting entity	Amount	Currency code	<input type="text"/>
Dividends – Other	Amount	Currency code	<input type="text"/>
(iii) Royalties	Amount	Currency code	<input type="text"/>
(iv) Rental and leasing activities	Amount	Currency code	<input type="text"/>
(v) Loans or lending activities	Amount	Currency code	<input type="text"/>
(vi) Insurance or reinsurance of risks	Amount	Currency code	<input type="text"/>
(vii) Factoring of trade accounts receivable	Amount	Currency code	<input type="text"/>
(viii) Disposition of investment property	Amount	Currency code	<input type="text"/>

Section 3 – Foreign accrual property income (FAPI)

(i) Did the foreign affiliate earn FAPI in any taxation year of the affiliate that ended in the reporting entity's taxation year?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
(ii) If yes, give the reporting entity's total participating percentage for the foreign affiliate for that year.		%
Also, give the gross amount of FAPI the affiliate earned that year in respect of each of the following:		Amount
(i) FAPI that is income from property under subsection 95(1) of the Act		
(ii) FAPI from the sale of property under paragraph 95(2)(a.1) of the Act		
(iii) FAPI from the insurance or reinsurance of risks under paragraph 95(2)(a.2) of the Act		
(iv) FAPI from indebtedness and lease obligations under paragraph 95(2)(a.3) of the Act		
(v) FAPI from indebtedness and lease obligations under paragraph 95(2)(a.4) of the Act		
(vi) FAPI from providing services under paragraph 95(2)(b) of the Act		
(vii) FAPI from the disposition of capital property		
(viii) FAPI under the description of C in the definition of FAPI in subsection 95(1) of the Act		
Total		0

Section 4 – Capital gains and losses

(i) Excluded property

Did the foreign affiliate dispose of a share in another foreign affiliate that was excluded property or an interest in a partnership that was excluded property in a taxation year of the affiliate that ended in the reporting entity's taxation year? Yes No

(ii) Property that is not excluded property

Did the foreign affiliate dispose of capital property that was not excluded property in a taxation year of the affiliate that ended in the reporting entity's taxation year? Yes No

Section 5 – Income included in income from an active business

Was income of the foreign affiliate that would otherwise have been included in its income from property included in its income from an active business? If **yes**, please specify which of the below apply by ticking the appropriate "yes" or "no" box.

	Yes	No
because of subparagraph 95(2)(a)(i) of the Act?	<input type="checkbox"/>	<input type="checkbox"/>
because of subparagraph 95(2)(a)(ii) of the Act?	<input type="checkbox"/>	<input type="checkbox"/>
because of subparagraph 95(2)(a)(iii) of the Act?	<input type="checkbox"/>	<input type="checkbox"/>
because of subparagraph 95(2)(a)(iv) of the Act?	<input type="checkbox"/>	<input type="checkbox"/>
because of subparagraph 95(2)(a)(v) of the Act?	<input type="checkbox"/>	<input type="checkbox"/>
because of subparagraph 95(2)(a)(vi) of the Act?	<input type="checkbox"/>	<input type="checkbox"/>
because of the type of business carried on and the number of persons employed by the foreign affiliate in the business pursuant to paragraphs (a) and (b) of the definition of investment business in subsection 95(1) of the Act?	<input type="checkbox"/>	<input type="checkbox"/>
because of paragraph 95(2)(l) of the Act?	<input type="checkbox"/>	<input type="checkbox"/>

Was income of the foreign affiliate that would otherwise have been included in its income from a business other than an active business included in its income from an active business? If **yes**, please specify which of the below apply by ticking the appropriate "yes" or "no" box.

	Yes	No
because of the 90% test in paragraphs 95(2)(a.1) through (a.4) of the Act?	<input type="checkbox"/>	<input type="checkbox"/>
because of subsection 95(2.3) of the Act?	<input type="checkbox"/>	<input type="checkbox"/>
because of subsection 95(2.4) of the Act?	<input type="checkbox"/>	<input type="checkbox"/>

Part IV – Disclosure (To be completed for both not-controlled foreign affiliates and controlled foreign affiliates)

Is any information requested in this return not available?..... Yes No

If **yes**, please specify below

Instructions

All legislative references on this sheet refer to the *Income Tax Act* (the Act).

Do you have to file this return?

Form T1134, *Information Return Relating to Controlled and Not-Controlled Foreign Affiliates*, must be filed annually by:

- a taxpayer resident in Canada (other than a taxpayer all of whose taxable income for the year is exempt from tax under Part I of the Act) for which a non-resident corporation or trust is a foreign affiliate (FA) or a controlled foreign affiliate (CFA) **at any time in the year**; and
- a partnership where:
 - the share of the income or loss of the partnership for the year of non-resident members is less than 90% of the income or loss of the partnership for the year; and
 - a non-resident corporation or trust would be a FA or CFA of the partnership **at any time in the year** if the partnership were a person resident in Canada.

Note:

A trust deemed under paragraph 94(1)(c) of the Act to be resident in Canada for purposes of Part I (i.e., a non-resident discretionary trust) is also deemed to be so resident for the purpose of filing this return.

This return is to be filed by a reporting entity only in respect of a foreign affiliate in which the reporting entity or a controlled foreign affiliate of the entity has a direct equity percentage at any time in the reporting entity's taxation year.

Do not file Form T1134 if the total cost amount to the reporting person at any time in the year of the interest in all foreign affiliates was less than \$100,000 **AND** the foreign affiliate is "dormant" or "inactive" for the affiliate's taxation year ending in your taxation year. For purposes of completing Form T1134, a dormant or inactive foreign affiliate means, for a taxation year of the affiliate, one that:

- had gross receipts (including proceeds from the disposition of property) of less than \$25,000 in the year; and
- at no time in the year had assets with a total fair market value of more than \$1,000,000;

For the purpose of completing Form T1134, the definition of **gross receipts** refers to any receipt received in the year, and not just income amounts. This would include all non-revenue receipts, such as loans, etc. The purpose of the test is meant to indicate the level of activity in the foreign affiliate.

For **short taxation years** (e.g. where there is a deemed year-end due to a change in control), reporting for more than one fiscal period (not exceeding the normal 12-month or 53-week period) is sufficient if the information that would otherwise be reported for the short taxation year is included on the T1134 returns that are filed.

As an individual (other than a trust) you do **not** have to file Form T1134 for the year in which you **first become a resident** of Canada. Section 233.7 exempts an individual (other than a trust) from the requirement to file T1134 if the individual first became resident in Canada in the year. The expression "first became resident" in section 233.7 does not include a situation where a former resident of Canada again becomes resident of Canada at a later date. An individual who has already been a resident of Canada during a prior year, whether he or she was a factual resident of Canada or a deemed resident of Canada at that time, may not take advantage of the exception provided in section 233.7 when he or she again becomes resident in Canada during a year. A "returning" resident could immediately be subject to the reporting requirements of section 233.4.

Note:

In determining whether a non-resident corporation is a foreign affiliate of a taxpayer resident in Canada or of a partnership for purposes of these reporting requirements, the following rules apply:

- the reference to "any corporation" in paragraph (b) of the definition of "equity percentage" in subsection 95(4) of the Act should be read as if it were a reference to "any corporation other than a corporation resident in Canada";
- the definitions "direct equity percentage" and "equity percentage" in subsection 95(4) of the Act should be read as if a partnership were a person; and
- the definitions "controlled foreign affiliate" and "foreign affiliate" in subsection 95(1) of the Act should be read as if a partnership were a taxpayer resident in Canada.

Only the lowest tier subsidiary in a group of Canadian corporations under common control has to report for its foreign affiliate. However, if another corporation in the Canadian group has a direct equity percentage in the foreign affiliate; it too is required to report on that foreign affiliate.

If a foreign affiliate is owned indirectly by a partnership through a Canadian corporation(s), only the lowest tier Canadian corporation reports for the foreign affiliate. However, if a member of the partnership also has a direct equity percentage in the foreign affiliate, it too is required to report on the foreign affiliate.

Due date for filing this return

Form T1134 is due within 15 months after the end of your taxation year.

Foreign currency conversion

Report monetary values in Canadian dollars except where an election has been made under paragraph 261(3)(b) of the Act to use a functional currency (if the election to use the functional currency is made, the currency code must be indicated on the top of page 1 of the T1134 Summary). The accepted codes for functional currencies are as follows:

AUD – For Australian dollar
USD – For U. S. dollar
GBP – For U.K. pound
EUR – For Euro

Where a monetary value is not stated in Canadian dollars or the elected functional currency (i.e.: it is an amount obtained from the Foreign affiliate's financial information), the currency code in which the value is reported must be indicated in the space provided.

A nil amount should be reported by indicating "0" (zero) in the "amount" field rather than leaving the field empty.

For a list of currency codes, see the CRA publication T4061 entitled *NR4 – Non-Resident Tax Withholding, Remitting and Reporting Guide*, Appendix D – Currency Codes, at: [www.cra-arc.gc.ca/E/pub/tg/t4061-t4061-e.html](http://www.cra-arc.gc.ca/E/pub/tg/t4061/t4061-e.html).

When converting amounts into Canadian dollars from a foreign currency, you should use the exchange rate in effect at the time of the transaction (e.g., the time the income was received). If income is received throughout the year, we will accept an average rate for the year.

Where you are required to provide an amount at the beginning or at the end of the year, you may use the exchange rate in effect at the relevant time.

Country codes

For a list of country codes, see the CRA publication T4061 entitled *NR4 – Non-Resident Tax Withholding, Remitting and Reporting Guide*, Appendix A – Country Codes, at: [www.cra-arc.gc.ca/E/pub/tg/t4061-t4061-e.html](http://www.cra-arc.gc.ca/E/pub/tg/t4061/t4061-e.html)

More information

If you need more information, visit our Web site at www.cra.gc.ca or call **1-800-959-5525**. You can also write to your local tax services office. Our addresses and fax numbers are listed on our Web site and in the government section of your telephone book.

How to complete the T1134 Summary

Part I – Identification

Section 1 – Reporting entity information

Identify the reporting entity.

Section 2 – Certification

This area should be completed and signed by:

- the person filing this return in the case of an individual;
- an authorized officer in the case of a corporation;
- the trustee, executor, or administrator where the person filing the return is a trust; or
- an authorized partner in the case of a partnership.

Section 3 – Group structure

This section 3 is only required to be completed if there is a **controlled** foreign affiliate in the group. Provide information about the organizational structure of the group (including trusts and partnerships) at the end of the taxation year. Only one Section 3 has to be filed by a related group—however, if Section 3 is filed by a taxpayer or partnership other than the reporting entity, the name and a CRA registered identification number (SIN, BN, etc.) of the taxpayer reporting Section 3 must be provided.

How to complete the T1134 Supplement

Part II – Foreign affiliate information

Section 1 – Reporting entity information

Identify the reporting entity.

Section 2 – Foreign affiliate information

A. Identification of foreign affiliate

Identify the foreign affiliate for which this return is being filed.

For the purpose of this return, residence generally means where the foreign affiliate's central management and control is.

State the main business activities of the foreign affiliate by entering the appropriate North American Industrial Classification System (NAICS) codes. The current NAICS codes can be found at Statistics Canada internet site, <http://www23.statcan.gc.ca/81/imdb/p3VD.pl?Function=getVDP&db=imdb&dis=2&adm=8&TV=118464>. You can enter more than one code.

For the list of country and currency codes, see the CRA publication, T4061 entitled *NR4 – Non-Resident Tax Withholding, Remitting and Reporting Guide* (Appendix A – Country Codes and Appendix D – Currency Codes), at: www.cra-arc.gc.ca/E/pub/tg/t4061/t4061-e.html

B. Capital stock of foreign affiliate

Provide information about your direct ownership and ownership by another controlled foreign affiliate and by other related parties of the capital stock of the foreign affiliate. Use the book cost of the shares on a non-consolidated, non-equity basis.

C. Other Information

Provide additional information about your interest in the foreign affiliate. For the purpose of completing this return, gross indebtedness does not include set-offs or trade accounts payable.

Section 3 – Financial information of the foreign affiliate

Include the unconsolidated financial statements (including the notes to the financial statements) of the foreign affiliate or, if unavailable, the financial information that is available to you as a shareholder.

The total assets reported should be net of depreciation or amortization. The net income should be accounting net income. Tax paid or payable should be the actual tax paid or payable and not deferred tax. Do not include withholding tax. Foreign language information will only be accepted if the information is not available in English or French.

Section 4 - Surplus accounts

A. Surplus accounts of foreign affiliates

Provide information about any dividends you received from the foreign affiliate and information about the foreign affiliate's surplus accounts.

B. Surplus accounts and share transactions

Provide information about any events that affected the controlled foreign affiliate's surplus accounts. "B" applies to controlled foreign affiliates only.

Part III – Nature of Income of "controlled" foreign affiliates

Part III applies to a controlled foreign affiliate (CFA) only. Do not complete this part for not-controlled foreign affiliates.

Section 1 – Employees per business

Provide the number of full-time employees or employee equivalents employed by the CFA on a business by business basis.

Section 2 – Composition of revenue

Provide the amount of the CFA's gross revenue from the sources listed. Report interest and dividends received from foreign affiliates separately from interest and dividends from other sources.

Section 3 – Foreign accrual property income (FAPI)

Provide information about the gross foreign accrual property income earned by the foreign affiliate. This section does not include the subsection 91(4) adjustment (amounts deductible in respect of foreign taxes).

Section 4 – Capital gains and losses

Provide information about capital gains and losses realized by the foreign affiliate. Only dispositions of shares or partnership interests that are excluded property and capital property that is not excluded property needs to be reported.

Section 5 – Income included in income from an active business

Provide information about the income of the foreign affiliate that is from an active business.

Part IV – Disclosure

Part IV is applicable to both not-controlled and controlled foreign affiliates. State whether any of the information requested on this return is not available at the time of filing. If information is not available, specify what information is not available and why it is not available. Also explain what steps were taken to obtain the information.

Due diligence exception

The information required to be filed on this return does not include information that is not available, on the day that the return is filed, to the person or partnership required to file the return where:

- a) there is reasonable disclosure in the return of the unavailability of the information;
- b) before that day, the person or partnership exercised due diligence in attempting to obtain the information;
- c) it was reasonable to expect, at the time of each transaction, if any, entered into by the person or partnership after March 5, 1996, that gives rise to the requirement to file the return or that affects the information to be reported in the return, that sufficient information would be available to the person or partnership to comply with the reporting requirements; and
- d) if the information subsequently becomes available to the person or partnership, it will be filed no more than 90 days after it becomes available.

Filing this return

Each reporting entity must file one T1134 Summary. The reporting entity must also file separate T1134 Supplements for each foreign affiliate, along with the foreign affiliate's financial statements and the notes to the financial statements.

A paper copy of this return must be filed separately from your income tax return. **Currently this return cannot be filed electronically.**

Before you file this return, make a copy of it for your records.

Send the original return, amended return, or any additional information to:

Ottawa Technology Centre
Data Assessment and Evaluation Programs Division
Validation and Verification Section
Other Programs Unit
875 Heron Road
Ottawa ON K1A 1A2

Penalties for non-reporting

There are substantial penalties for failing to complete and file this return by the due date.

Voluntary disclosures

To promote compliance with Canada's tax laws, we encourage you to voluntarily correct any deficiencies in your past tax affairs. You can make a voluntary disclosure by contacting your tax services office. Our addresses and fax numbers are listed on our Web site at www.cra.gc.ca and in the government section of your telephone book.

For more information, see Information Circular IC00-1R2, *Voluntary Disclosures Program (Income Tax Act)*.