

# INFORMATION RETURN IN RESPECT OF DISTRIBUTIONS FROM AND INDEBTEDNESS TO A NON-RESIDENT TRUST

For departmental use

**NOTE: The first filing deadline has been extended from April 30, 1997 to April 30, 1998.**

- You have to file a separate return for each non-resident trust.
- Give all amounts in Canadian dollars.
- Attach a separate sheet, if you need more space.
- If you are reporting for a partnership, read all references to year or tax year as fiscal period and all references to taxpayer as partnership.

**Part I – Identification**

Tick a box to indicate who you are reporting for, and complete the areas that apply.

<input type="checkbox"/> individual	First name	Last name	Initial	Social insurance number
<input type="checkbox"/> corporation	Corporation's name		Business Number (BN)	
<input type="checkbox"/> trust	Trust's name		Account number	
<input type="checkbox"/> partnership	Partnership's name		Partnership's identification number	

Reporting taxpayer's address

No. Street Postal code

City Province or territory

For what tax year are you filing this return?

199 \_\_\_\_\_ or From    To

**Part II – Identification of Non-resident Trust and Trustee**

Name of trust	Trustee(s)	
	Name	Address
	Name	Address
	Name	Address

**Part III – Distributions from the Non-resident Trust**

Complete this part if the reporting taxpayer has received funds or property from a non-resident trust at any time in the tax year.

Funds	Property other than funds			Nature of receipt for Canadian income tax purposes (tick appropriate box)	
Amount	Description	Estimated fair market value when received	Income	Capital	
00		00	<input type="checkbox"/>	<input type="checkbox"/>	
00		00	<input type="checkbox"/>	<input type="checkbox"/>	
00		00	<input type="checkbox"/>	<input type="checkbox"/>	
00		00	<input type="checkbox"/>	<input type="checkbox"/>	
00 <b>Total</b>		00 <b>Total</b>			

**Part IV – Indebtedness to the Non-resident Trust**

Complete this part if the reporting taxpayer was indebted to a non-resident trust at any time in the tax year.

Date debt incurred	Principal amount	Unpaid principal amount at end of year	Unpaid interest at end of year	Interest rate (per annum)	Was interest actually paid on the debt in the year (yes/no)?
	00	00	00		
	00	00	00		
	00	00	00		
	00	00	00		
<b>Total</b>	00	00	00		
	<b>21</b>	<b>22</b>	<b>23</b>		

**Certification**

<p>I certify that the information given on this return and in any documents attached is, to my knowledge, correct and complete, and fully discloses all distributions received from and indebtedness to the non-resident trust.</p> <p>Print name _____</p> <p><b>Sign here</b> _____</p> <p>It is a serious offence to file a false return.</p> <p>_____</p> <p style="text-align: center;">Position or title</p> <p>Telephone (     ) _____ Date _____</p>	<p>If you were paid to prepare this return, provide the following information:</p> <p>Your name _____</p> <p>Address _____</p> <p>_____</p> <p>_____</p> <p>Postal code _____</p> <p>Telephone (     ) _____</p>
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All legislative references on this sheet refer to the *Income Tax Act* (the Act).

## Do you have to file this return?

Form T1142, *Information Return in Respect of Distributions from and Indebtedness to a Non-resident Trust*, must be filed by a Canadian resident individual, corporation or trust, as well as a partnership, that:

- is a beneficiary of a non-resident trust (other than an excluded trust or an estate that arose on death) at any time in the year; and
- received a distribution from or was indebted to the non-resident trust in the year.

Certain non-resident discretionary trusts, as defined under section 94 of the Act, may also have to file this return. As well, distributions from and indebtedness owed to this type of trust must be reported on Form T1142.

As an individual (other than a trust) you do **not** have to file this return for the year in which you first become a resident of Canada.

The following entities do not have to file this return:

- mutual fund corporations;
- non-resident-owned investment corporations;
- persons who are exempt from tax under Part I of the Act;
- mutual fund trusts;
- trusts described in paragraphs (a) to (e.1) of the definition "trust" in subsection 108(1) of the Act;
- a "registered investment" under section 204.4 of the Act;
- a trust in which all persons beneficially interested are either corporations or trusts listed above; or
- a partnership where all of the members are corporations or trusts referred to above or where the share of the partnership income or loss of non-resident members is 90% or more.

You do not have to report distributions from or indebtedness owed to the following trusts:

- a trust governed by a U.S. Individual Retirement Account (IRA);
- a non-resident trust principally providing superannuation, pension, retirement or employee benefits primarily to non-resident beneficiaries, that does not pay income tax in the taxing jurisdiction where it is resident;
- a non-resident trust for which any of T1134-A, *Information Return Relating to Foreign Affiliates that are not Controlled Foreign Affiliates*, T1134-B, *Information Return Relating to Controlled Foreign Affiliates*, T1135, *Information Return Relating to Specified Foreign Property* or T1141, *Information Return in Respect of Transfers or Loans to a Non-resident Trust*, is required to be filed.

## Due dates for filing this return

The reporting requirements with respect to distributions from and indebtedness owed to non-resident trusts apply to tax years that begin after 1995. Form T1142 must be filed on or before the due date of your income tax return, or the partnership information return in Section 229 of the Regulations to the Act in the case of a partnership, except for a tax year that ends in 1996, 1997 or 1998.

Where your tax year ends in 1996, 1997 or 1998, Form T1142 is required to be filed on or before the later of:

- April 30, 1998; or
- the day on or before which the return is otherwise required to be filed.

**Individuals** - Your due date is April 30 of the following year or June 15 of the following year if you or your spouse carried on a business in the year.

If the individual dies in the year, the due date is the individual's usual one, or six months after the day of death, whichever is later.

**Corporations** - You have to file six months from the end of your fiscal year.

**Trusts** - You have to file 90 days from the end of the trust's tax year.

**Partnerships** - Your deadline is the same as the one for filing the partnership information return in section 229 of the Regulations to the Act, or what would be the deadline if section 229 applied to the partnership.

## Foreign currency conversion

When converting amounts into Canadian dollars from a foreign currency, you should use the exchange rate in effect at the time of the transaction. If distributions are received throughout the year, an average rate for the year is acceptable.

When you are required to provide an amount at the end of the year, you may determine the Canadian dollar equivalent using the exchange rate in effect at that time.

## More information

If you need more information, you can write, phone or visit your local tax services office. The address and telephone numbers are listed under "Revenue Canada" in the Government of Canada section of your telephone book.

## How to complete this return

**All amounts should be expressed in Canadian dollars and rounded to the nearest dollar.**

### Part I - Identification

Use part I of Form T1142 to identify the reporting taxpayer.

### Part II - Identification of Non-resident Trust and Trustee

Provide the name of the trust as well as the name(s) and address(es) of the trustee(s).

### Part III - Distributions from the Non-resident Trust

Complete this part if, at any time in the tax year, you received funds or property other than funds from a non-resident trust in respect of which you are beneficially interested.

### Funds

If the property received from the trust is funds, report the amount of funds received and check the appropriate box to indicate whether the amount received was income or a capital distribution for income tax purposes. For purposes of these reporting requirements, "funds" include cash as well as negotiable instruments such as cheques and drafts.

## Property other than funds

If the property received from the trust is other than funds (e.g., real estate or shares) provide a description of the property and an estimate of the fair market value at the time of distribution. Check the appropriate box to indicate whether the distribution was income or a capital distribution for income tax purposes.

## Estimating fair market value

For purposes of completing Form T1142 there is no requirement to obtain a formal appraisal of the property. A reasonable estimate of the fair market value is sufficient. The following sections will help you estimate the fair market value of certain properties.

### Securities

The fair market value of publicly traded shares may be obtained from public listings of transactions on recognized stock exchanges, investment publications or from a broker or investment dealer.

For securities in a privately owned business, information may be obtained from a person who is familiar with the business such as an accountant or business valuator. For more information, see Information Circular 89-3, *Policy Statement on Business Equity Valuations*.

### Listed personal property and other personal-use-property

The fair market value of these properties may be estimated by consulting with art, coin, jewellery, antique and stamp dealers. You can also refer to catalogues for the value of these objects.

### Real estate

The fair market value of real estate may be estimated by collecting information on sales of similar properties in the same area around the date which you received the property. This information can be obtained from real estate pamphlets, which provide asking prices. If possible you should determine if the property sold and what the actual sale price was. You can also use newspapers which provide the asking price or land-registry or land-title offices.

To support your valuation, you should keep documents containing the following information:

- a brief description of the property, including location, lot, building size, and date and type of construction;
- the cost and date of acquisition;
- the cost of any additions or improvements;
- the property assessment for municipal tax purposes; and
- insurance coverage.

## Part IV - Indebtedness to the Non-resident Trust

For each debt owed to the non-resident trust, provide the following information:

- the date the debt was incurred;
- the principal amount of the debt;
- the amount of principal and interest unpaid at the end of the year;
- the annual interest rate charged on the debt; and
- whether interest was actually paid on the debt in the year.

## Certification

This area should be completed and signed by:

- the person filing Form T1142 in the case of an individual;
- an authorized officer in the case of a corporation;
- the trustee, executor or administrator in the case of a trust; or
- an authorized partner in the case of a partnership.

## Name of the person who completed this return

If you are not the reporting taxpayer, and were paid to prepare this return, give your name and address.

## Filing this return

Form T1142 must be filed separately from your income tax return or partnership return.

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

Send the original return to:

Ottawa Tax Centre  
Employer Services Division  
Other Programs Unit  
875 Heron Road  
Ottawa ON K1A 1A2

## Penalties for non-reporting

There are substantial penalties for failing to complete and file Form T1142 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. The address and telephone numbers are listed under "Revenue Canada" in the Government of Canada section of your telephone book.

For more information see Information Circular 85-1R2 *Voluntary Disclosures*.