

Part IV – Indebtedness to this Non-resident Trust

Complete this part if the taxpayer was indebted to this non-resident trust 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)?
Total	21	22	23		

Certification

I certify that the information given on this information return and in any documents attached is, to my knowledge, correct and complete.
 (It is a serious offence to file a false return.)

Print name

Position or title

Sign here

Telephone number

Date

Person or firm paid to prepare this information return

Your name	Telephone number	
Address		
City	Province or territory	Postal code

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

Do you have to file this information return?

Form T1142, *Information Return in Respect of Distributions from and Indebtedness to a Non-resident Trust*, must be filed under section 233.6, by a Canadian resident individual, corporation or trust, as well as a partnership, that:

- is beneficially interested in a non-resident trust (other than an "excluded trust" as defined in subsection 233.6(2) or an estate that arose on death) at any time in the tax year; and
- has received a distribution from or was indebted to that non-resident trust in the tax year.

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

A non-resident discretionary trust that is deemed to be a person resident in Canada under section 94 of the Act, must file this information return.

The following entities do not have to file this information 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 persons described 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.

The taxpayer does not have to report distributions from or indebtedness owed to the following trusts:

- a trust described in Income Tax Regulation 6803. Generally, this is a trust governed by a U.S. Individual Retirement Account (IRA);
- a non-resident trust described in paragraph (b) of the definition "exempt trust" in subsection 233.2(1). Generally, this is a trust that is exempt from income tax under the taxation laws of the taxing jurisdiction where the trust is resident, that is principally providing superannuation, pension, retirement or employee benefits, and that is either maintained primarily for non-resident individuals or is governed by an employee sharing plan;
- 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 information return

The reporting requirements with respect to distributions from and indebtedness owed to non-resident trusts apply to tax years that begin after 1995. This information return must be filed on or before the due date of the income tax return, or the partnership information return under section 229 of the Income Tax Regulations.

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 under section 229 of the Income Tax Regulations, or what would be the deadline if that section 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.

For 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 "Canada Revenue Agency" in the Government of Canada section of your telephone book.

How to complete this information return

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

Part I – Identification

Use part I of this information return to identify the taxpayer.

Part II – Identification of Non-resident Trust and Trustee(s)

Provide the name of the non-resident trust in respect of which the taxpayer is beneficially interested at any time in the tax year, as well as the name(s) and address(es) of the trustee(s).

Part III – Distributions from this Non-resident Trust

Complete this part if, in the tax year, the taxpayer received funds or property other than funds from this non-resident trust, in respect of which the taxpayer is beneficially interested.

Funds

If the taxpayer received funds from this non-resident trust, report the amount and indicate in the appropriate box whether this was a distribution of income or of capital for income tax purposes. For this purpose, "funds" include cash and negotiable instruments, such as cheques and drafts.

Property other than funds

If the taxpayer received property from this non-resident trust, that is other than funds (e.g., real estate or shares), provide a description of this property and an estimate of its fair market value at the time of the distribution. Indicate in the appropriate box whether this was a distribution of income or of capital for income tax purposes.

Estimating fair market value

For purposes of completing this information return, there is no requirement to obtain a formal appraisal of this property. A reasonable estimate of its 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 this valuation, the taxpayer 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 this Non-resident Trust

Complete this part if, in the tax year, the taxpayer was indebted to this non-resident trust, in respect of which the taxpayer is beneficially interested.

For each debt owed to this 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 individual;
- an authorized officer of a corporation;
- the trustee, executor or administrator of a trust; or
- an authorized partner of a partnership.

Filing this information return

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

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

Send the original information return to:

Ottawa Technology Centre
Data Assessment and Evaluations Program
Foreign Reporting Unit
875 Heron Road
Ottawa ON K1A 1A2

Penalties for non-reporting

There are substantial penalties for failing to complete and file Information return T1142 by the due date.

Voluntary disclosures

To promote compliance with Canada's tax laws, we encourage the taxpayer to voluntarily correct any deficiencies in past tax affairs.

The taxpayer can make a voluntary disclosure by contacting the relevant tax services office. The address and telephone numbers are listed under "Canada Revenue Agency" in the Government of Canada section of your telephone book. For more information see Information Circular 85-1R2 *Voluntary Disclosures*.