

Categories of Specified Foreign Property

1. Funds held outside Canada

Funds held outside Canada include money on deposit in foreign bank accounts, money held with a foreign depository for safekeeping and money held by any other foreign institution at any time during the year. Prepaid debit or credit cards and negotiable instruments, such as cheques and drafts, are also included in this category. Marketable securities should be reported in category 3.

2. Shares of non-resident corporations (other than foreign affiliates)

Report all shares of non-resident corporations whether or not they are physically held in Canada. Do not report shares of a foreign affiliate corporation. Generally, a foreign affiliate is a non-resident corporation (or certain non-resident trusts) of which you hold at least 1% of the shares individually, and, either alone or with related persons, hold 10% or more of the shares. If you have a foreign affiliate, you may have to file Form T1134, Information Return Relating to Controlled and Not Controlled Foreign Affiliates.

3. Indebtedness owed by non-residents

Report all amounts owed to you by a non-resident person (other than a foreign affiliate corporation) whether the indebtedness is held inside or outside Canada. Include all promissory notes, bills, bonds, commercial paper, debentures, loans, mortgages, and other indebtedness owed to you by a non-resident person. Marketable securities, such as guaranteed investment certificates, government treasury bills and term deposits issued by a non-resident, should be reported under this category.

4. Interests in non-resident trusts

Report all interests in non-resident trusts acquired for consideration, other than a non-resident trust that is a foreign affiliate for the purposes of section 233.4 of the Act. If you contributed to, or received a distribution or loan from a non-resident trust, you may be required to file Form T1141, Information Return in Respect of Contributions to Non-Resident Trusts, Arrangements or Entities or Form T1142, Information Return in Respect of Distributions from and Indebtedness to a Non-Resident Trust.

5. Real property outside Canada

Report all real property located outside of Canada other than real property used in an active business or used primarily for personal use (such as a vacation property used primarily as a personal residence). Rental property outside Canada should be included in this category.

6. Other property outside Canada

This category should include any property that does not correspond to any of the other categories. Other property includes:

- shares of corporations resident in Canada held by you or for you outside Canada;
- an interest in a partnership that holds specified foreign property where the partnership is not required to file the Form T1135;
- foreign insurance policies;
- precious metals or bullion (e.g., gold and silver) situated outside Canada;
- commodity or future contracts, options or derivatives that constitute a right to, a right to acquire, or an interest in, specified foreign property; and
- any other rights to, rights to acquire, or interests in, specified foreign property.

7. **Property held in an account with a Canadian registered securities dealer or a Canadian trust company**

A taxpayer who held specified foreign property with a Canadian registered securities dealer (as defined in subsection 248(1) of the Act) or with a Canadian trust company (as determined under paragraph (b) of the definition of restricted financial institution in subsection 248(1) of the Act) is permitted to report the aggregate amount of all such property in this category.

Specified Foreign Property does not include:

- a. A property used or held exclusively in carrying on an active business;
- b. A share of the capital stock or indebtedness of a foreign affiliate
- c. An interest in a trust described in paragraph (a) or (b) of the definition of “exempt trust” in subsection 233.2(1) of the Act;
- d. A personal-use property as defined in section 54 of the Act; and
An interest in, or a right to acquire, any of the above-noted excluded foreign property.