

Review of Foreign Asset Reporting

QUESTION

Some Asian Canadians have substantial assets abroad. If they are residents of Canada, do they have to disclose this information for taxation purposes?

SUGGESTED REPLY

- Canadian residents have to report their world income, including income earned in tax haven countries. To realize its objective of enhancing compliance with the law, the government introduced a requirement to report foreign assets over \$100,000.
- A significant number of taxpayers, as well as the Canadian Chamber of Commerce, have expressed concerns about this requirement. These concerns went beyond the issue of taxation, and they included privacy issues as well as the economic impact of the new rules.
- As a result, on September 26, 1997, the ministers of National Revenue and Finance asked the Auditor General to undertake a review of these proposed income tax matters.
- This new foreign reporting requirement will be delayed until 1999 pending the outcome of the Auditor General's review. The report of the Auditor General will be completed by the end of May and is expected to be presented to Parliament in June 1998.