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# Declaring What You Hold

Three reporting regimes with different triggers, different measures and different penalties, set side by side so nothing falls between them.

**Foreign assets: what Canada, the US and India want to see**

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# Foreign assets: what Canada, the US and India want to see

Foreign asset reporting is information, not tax. Nothing is owed because of it, nothing prompts you to do it, and the penalties for missing it are among the heaviest in the system. Each country measures something different, so filing one correctly proves nothing about the others.

## Who this is for

- Anyone resident in one country holding accounts, property or investments in another.
- Dual filers who already report to one authority and are unsure whether the other regime applies.
- People who have discovered a missed year and want to understand the exposure before acting.

## Why these regimes exist and why they are separate

Automatic exchange of financial account information means tax authorities now receive data about their residents' foreign accounts directly from foreign financial institutions. The reporting obligations placed on you are not how the authority finds out; they are how it checks that you told it the same thing the bank did. A mismatch is what generates the letter.

The regimes are separate because each was written for a different worry. One targets financial accounts held abroad. One targets a broader class of specified foreign assets, including interests in foreign entities. One targets foreign property measured by cost rather than value. They overlap heavily and none is a subset of another, which is why the same asset can appear on two forms and be absent from a third quite properly.

## The Canadian regime: cost, not value

A Canadian resident reports specified foreign property where the total cost of that property crosses a threshold at any point in the year. The measure is cost — what you paid, in Canadian dollars at the time — not market value, which is a distinction that catches people whose portfolio has grown.

What counts is broader than bank accounts: foreign securities held anywhere, funds on deposit abroad, foreign real property held for investment, interests in non-resident trusts and foreign corporations, and debts owed to you by non-residents. Personal-use foreign property is generally outside it, and property held inside a registered plan is treated differently. The form has a simplified and a detailed method, and the detailed one is required above a further threshold.

Foreign affiliates bring a separate return, and transfers to or distributions from non-resident trusts bring their own. The Canadian side of a cross-border file is often three forms rather than one. Our page on theT1135 foreign income verification statementcovers the main one.

## The US regime: two forms, two thresholds, two filing places

A US person with foreign financial accounts whose aggregate maximum balance crosses a threshold files a report of foreign bank and financial accounts. It is filed separately from the income tax return, with its own system and its own deadline, and it is the one people forget precisely because it does not travel with the return.

A second regime requires a statement of specified foreign financial assets, filed with the income tax return, on different thresholds that vary with filing status and residence abroad. Its scope is wider than accounts: it reaches interests in foreign entities, foreign pension interests and certain contracts.

The two overlap substantially and neither replaces the other. Interests in foreign corporations, partnerships, disregarded entities and trusts each bring their own information return on top, and those returns carry per-form penalties that apply whether or not any tax is due. Our page onfiling both the FBAR and Form 8938sets out the interaction.

## The Indian regime: a schedule, and a severe disclosure statute behind it

An Indian resident and ordinarily resident discloses foreign assets and foreign income on a dedicated schedule in the annual return, together with schedules for foreign source income and for relief claimed. The disclosure is not limited to income-producing assets and it does not depend on remittance.

Behind the schedule sits a dedicated statute for undisclosed foreign income and assets with penalties and consequences well beyond ordinary under-reporting. That is what makes the Indian side of a returning NRI's first filing season so important to get right, and why the foreign asset inventory is built in the year of return rather than later. Our page on theforeign assets schedulecovers what goes on it.

## What to do about a year you have already missed

Do not simply start filing correctly and hope the gap is unnoticed. A quiet correction removes the protection that a formal disclosure route offers and looks materially worse if it is examined. Every one of these systems has a route back, and the routes differ in what they require and what they forgive.

The right route depends on how many years are open, whether tax as well as reporting was missed, and whether the failure was inadvertent. Getting that assessment before filing anything is the whole game — see the companion guide on catch-up filings, and our catch-up and disclosurepages.

## Building a reporting file that holds up

Do it once as an inventory, then maintain it. Reconstructing it every year is what causes omissions.

1. **Inventory every foreign asset** Account by account and asset by asset, with the institution, country, account number, opening and closing balances, maximum balance, and original cost in the reporting currency.
2. **Establish your status in each country** Reporting obligations follow residence and, for US persons, citizenship. Status can change mid-year, and a part-year change alters which thresholds apply.
3. **Test each regime separately** Cost-based for Canada, aggregate balance and specified asset tests for the United States, the resident and ordinarily resident test for India. Do not assume one answer covers another.
4. **Identify the entity-level returns** Interests in foreign corporations, trusts and partnerships generate their own information returns in addition to the asset reporting. These carry the heaviest per-form penalties.
5. **File on each regime's own timetable** Some travel with the return, some do not, and the deadlines are not aligned. A calendar with each filing on it is worth more than a reminder in April.
6. **Keep the inventory current** One spreadsheet, updated when an account opens or closes, with the year-end and maximum balances captured while the statements are easy to get.

## Papers to gather

The annual pack for foreign asset reporting:

- Year-end and maximum balance statements for every non-domestic financial account.
- Brokerage statements showing holdings, cost and country of the issuer.
- Purchase documents for foreign real property, with cost and improvement history.
- Documents for every interest in a foreign corporation, partnership or trust.
- Foreign pension and employer plan statements, including vested values.
- Cryptocurrency exchange statements identifying where the exchange is established.
- Insurance policy documents showing cash surrender value.
- Exchange rates used and the basis for choosing them, plus prior-year forms for consistency.

## Where it goes wrong

- **Measuring the wrong thing** Cost for one regime, maximum balance for another, market value for a third. Testing the Canadian threshold against portfolio value, or the US threshold against year-end rather than maximum balances, produces the wrong answer in both directions.
- **Omitting accounts you do not own** Signature authority over an account can be reportable even where you have no beneficial interest in it. Business and family accounts are where this is missed.
- **Correcting quietly** Filing the current year properly and leaving the gap is the worst of the available options. Formal routes exist in all three systems and they exist precisely for this situation.

## Questions this raises

### Do I report a foreign account with almost nothing in it?

Possibly, because several regimes are tested on aggregate balances or aggregate cost rather than account by account. A small dormant account can be the one that pushes a total over the line, and it costs nothing to include.

### If the account earns no income, is it still reportable?

Yes. These are information regimes about what you hold, not about what you earned. That is exactly why they are missed — no income slip arrives to remind you.

### Does reporting to one country satisfy the others?

No. Each regime has its own measure, threshold and scope, and none is a subset of another. Dual filers routinely file two or three sets of forms describing overlapping but not identical asset sets.

### How far back can a missed report be fixed?

It depends on the regime and the route. What matters more is choosing a formal route rather than starting quietly, because the formal routes carry protection that a quiet correction removes.

## What to do next

The first deliverable worth having is the inventory itself, mapped against each regime with the answer for each year: required, not required, or missed. That single document turns an anxious guess into a scoped piece of work.

We prepare the inventory, the current-year filings and any disclosure as one fixed-fee engagement agreed in writing before work starts. See theT1135 filing fee pageand theFBAR and Form 8938 fee page.

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**Legal Quotient Consultants**

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United States: 5243 Strathmore Ave, Kensington MD 20895
Canada: 381 Front St W, Toronto ON M5V 3R8
India: A-1/2, Shakti Nagar Extension, Ashok Vihar, Delhi DL 110052

contact@lqconsultants.com · +1-416-619-0068 · +91-989-909-9030