News release

New filing requirements for partnerships

Ottawa, Ontario, September 17, 2010... The Canada Revenue Agency (CRA) today announced changes to the requirements for filing partnership information returns.

Starting in 2011, the requirement related to the number of partners in a partnership will be replaced with a new requirement based on financial activity. Also, the requirement to file based on the types of partners will be revised. The new requirements apply to all partnerships for fiscal periods ending in 2011 and later. These changes will allow the CRA to focus on the complexity and magnitude of partnership activities. Partnerships that have simple structures and modest financial activity will no longer be required to file a partnership return.

In 1989, a regulation was added to the Canadian *Income Tax Regulations* requiring all partnerships to file an annual information return. Under certain conditions, the CRA has exempted partnerships with fewer than six partners from filing. However, over the last 20 years, the Canadian economy and business landscape have evolved, showing that business activity and assets held by a partnership, as well as the complexity of a partnership's structure, are more significant for tax matters than the number of partners.

Along with the changes to the filing requirements, the CRA will introduce a revised information return and tax guide for partnerships in 2011.

For more information, go to **www.cra.gc.ca/partnership**, where information will be updated over the next several months.

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