



Information Return of Non-arm's Length Transactions with Non-residents T106 Summary Form

Do not use this area

- Refer to the instruction sheet before you complete the T106 Summary and Slips.
- Complete a separate T106 Slip for each non-resident.
- Refer to the instruction sheet for information on the penalties applicable to each T106 Slip.
- If an election has been made to use functional currency (see instruction sheet), state the elected functional currency code:

If this is an amended return, tick this box.

Section 1 – Reporting person/partnership identification

Tick the applicable box and complete the areas that apply.

<input type="checkbox"/> Corporation	Corporation name		Business Number (BN)		
			R C		
<input type="checkbox"/> Partnership	Partnership name	Partnership code	Partnership identification number		
		1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/>	R Z		
<input type="checkbox"/> Trust	Trust name			Trust account number	
				T	
<input type="checkbox"/> Individual	First name	Last name	Initial	Individual code	Social Insurance Number
				1 <input type="checkbox"/> 2 <input type="checkbox"/>	
Reporting person/partnership address:	No. Street	Province or territory			
	City				Postal code

Section 2 – Summary information

1. For what tax year/fiscal period are you filing these T106 forms?		2. Is this the first time you have filed T106 forms? <input type="checkbox"/> Yes <input type="checkbox"/> No	
From	Year Month Day To Year Month Day	If no , indicate the last tax year/fiscal period end for which the reporting person/partnership filed T106 forms.	
3. Enter the total number of T106 Slips attached.			
4. Enter the total of all box "I" amounts from the T106 Slips attached (to the nearest Canadian dollar or functional currency unit – see Instructions). \$		5. Enter the gross revenue of the reporting person/partnership (to the nearest Canadian dollar or functional currency unit – see Instructions). \$	
6. State the main business activities of the reporting person/partnership by entering the appropriate NAICS code(s) – see Instructions for NAICS codes.			
NAICS code(s): 1 2 3 4			
7. Are any of the amounts (e.g., income, deductions, foreign tax credits) claimed by the reporting person/partnership in the current tax year/fiscal period affected by any completed, outstanding or anticipated requests for competent authority assistance? <input type="checkbox"/> Yes <input type="checkbox"/> No		8. Are any of the amounts (e.g., income, deductions, foreign tax credits) claimed by the reporting person/partnership in the current tax year/fiscal period adjusted to reflect an assessment or a proposed assessment by a foreign tax administration? <input type="checkbox"/> Yes <input type="checkbox"/> No	
9. Are any of the transfer pricing methodologies (TPM) used by the reporting person/partnership predicated on an advanced pricing arrangement (APA) or similar arrangement between any non-resident and a foreign tax administration? <input type="checkbox"/> Yes <input type="checkbox"/> No			
10. Does the reporting person/partnership have to file a NR4, T4, T4A or T4A-NR return(s) for the transactions reported in Part III of the T106 Slips? <input type="checkbox"/> Yes <input type="checkbox"/> No			
If yes , state the primary account numbers:			
1		2	

Section 3 – Non-monetary or nil consideration

1. Has the reporting person/partnership received from or provided to any non-resident any non-monetary consideration for any service, transfer of tangible or intangible property, or anything whatever, under an exchange, swap, barter, bonus, discount or other such arrangement? <input type="checkbox"/> Yes <input type="checkbox"/> No
2. Has the reporting person/partnership provided to any non-resident any service, transfer of tangible or intangible property, or anything whatever, for which there was nil consideration? <input type="checkbox"/> Yes <input type="checkbox"/> No

Certification

Person to contact for more information (please print)

First name	Last name	Area code ()	Telephone number
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I, _____, certify that the information given on these T106 Summary and Slips is, to the best of my knowledge, correct and complete.

Date	Authorized signing officer's, person's, or representative's signature	Position, title, or officer's rank
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Instructions

If an election has been made under paragraph 261(3)(b) of the *Income Tax Act* to report in a functional currency, state all monetary amounts in that functional currency, otherwise state all monetary amounts in Canadian dollars (no cents). The codes for the functional currencies are as follows:

AUD – for Australian dollar

USD – for U.S. dollar

GBP – for U.K. pound

EUR – for Euro

Amended returns

If this is an amended return, tick

You must re-complete the entire T106 package including the amendments (i.e. include all information not amended plus all amended information), and re-file this entire amended T106 package. If the initial T106 was paper filed, then the amended T106 must be paper filed. If the initial T106 was electronically filed, then the amended T106 can be electronically filed or paper filed.

Section 1 – Reporting person/partnership identification**For partnership code, tick:**

- 1 If end partners are individuals or trusts.
- 2 If end partners are corporations.
- 3 If end partners are a combination of 1 and 2 mentioned above.

An end partner is the final recipient (corporation, trust or individual) that receives an allocation of income from the partnership after the income has flowed through the various levels of a tiered partnership.

For individual code, tick:

- 1 If the individual or the individual's spouse is self-employed.
- 2 If the individual or the individual's spouse is not self-employed.

Section 2 – Summary information**Q.1.** Enter the applicable tax year/fiscal period.**Q.2.** State if this is the first time that a T106 has been filed. If "no," enter the last tax year/fiscal period end for which T106 documentation was filed.**Q.5.** Enter the gross revenue of the reporting person/partnership. Do not enter the net income or taxable income. When reporting non-arm's length transactions between a related party and a branch, enter the gross income attributable to the branch.

Q.6. State the main business activities of the reporting person/partnership by entering the appropriate North American Industrial Classification System (NAICS) code(s). The list of current NAICS codes can be found at the Statistics Canada internet site, www23.statcan.gc.ca/imdb/p3VD.pl?Function=getVDPPage1&db=imdb&dis=2&adm=8&TVD=118464. Main business activity means any business segment which accounts for more than 10% of the gross revenue of the reporting person/partnership or the non-resident.

Certification

An authorized officer, person, or representative has to sign this form when it is completed. The certification declaration on this form applies to the T106 Summary and Slips.

Refer to the information and instruction sheet before you complete this form.
Tick the applicable boxes and complete the areas that apply.

Slip _____ of _____

Part I – Reporting person/partnership information

Corporation <input type="checkbox"/>	Business Number (BN) R C	Trust <input type="checkbox"/>	Trust account number T
Partnership <input type="checkbox"/>	Partnership identification number R Z	Individual <input type="checkbox"/>	Social Insurance Number
For what tax year/fiscal period are you filing this T106 Slip?		To	
From		To	
Year Month Day		Year Month Day	

Part II – Non-resident information

- Name of the non-resident
- Address of the non-resident and country of residence (see Instructions for information on country codes) Country code
- Type of relationship:

1 Non-resident is controlled by reporting person/partnership 2 Non-resident controls reporting person/partnership 3 Other

If "1", is the non-resident in a country with which Canada does not have a tax treaty? Yes No If yes, attach financial statements of the non-resident.
- State the main business activities for the transactions reported in Part III by entering the appropriate NAICS code(s). See instructions for NAICS codes. NAICS code(s): 1 2 3 4
- State the main countries for the transactions reported in Part III by entering the appropriate country code(s) – see Instructions. Country code(s): 1 2 3 4
- Have you prepared or obtained contemporaneous documentation as described in subsection 247(4) of the *Income Tax Act* for the tax year/fiscal period with respect to the non-resident? Yes No
- Have any of the transfer pricing methodologies (TPM) changed since the previous reporting period with respect to the non-resident? Yes No

Part III – Transactions between reporting person/partnership and non-resident

Enter in the appropriate box the monetary consideration (to the nearest Canadian dollar/ functional currency unit if applicable) derived or incurred for the following transactions with the non-resident. Enter the appropriate transfer pricing methodology (TPM) codes from the list in the Instructions.

Tangible Property

	\$	TPM	\$	TPM
	Sold to non-resident		Purchased from non-resident	
Stock in trade/raw materials				
Other (specify):				

Rents, Royalties and Intangible Property

	\$	TPM	\$	TPM
	Revenue from non-resident		Expenditure to non-resident	
Rents				
Royalties (e.g., for the use of patents, trademarks, secret formulas, know-how)				
License or franchise fees				
Intangible property or rights (acquired or disposed of)				

Services

Management, financial, administrative, marketing, training, etc	\$		\$	
Engineering, technical, construction, etc.	\$		\$	
Research and development	\$		\$	
Commissions	\$		\$	

Financial

Interest	\$		\$	
Dividends (e.g., common stock, preferred stock, deemed dividends)	\$		\$	
Sale of financial property (including factoring, securitizations and securities)	\$		\$	
Lease payments	\$		\$	
Securities Lending (fees and compensation payments)	\$		\$	
Insurance	\$		\$	
Other (excluding derivatives – see Part V):	\$		\$	

Other

Reimbursement of expenses	\$		\$	
Other	\$		\$	

Please enter the total of all entries made in each column of Part III. A = B =

Part IV – Loans, advances, investments and similar amounts

	Beginning balance	Increase	Decrease	Ending balance
Amounts owed by reporting person/partnership	\$	+	-\$	=\$
Amounts owed to reporting person/partnership	\$	+	-\$	=\$
Investment in non-resident (ACB)	\$	+	-\$	=\$
Please enter the total of all entries made in each column of Part IV.	C = \$		D = \$	

Part V – Derivatives

	Number of contracts	Notional amount	Revenue from non-resident	Expenditure to non-resident
101 Interest Rate Contracts		\$	\$	\$
102 Foreign Exchange Contracts		\$	\$	\$
103 Credit Contracts		\$	\$	\$
104 Equity Contracts		\$	\$	\$
105 Commodity Contracts		\$	\$	\$
106 Index Contracts		\$	\$	\$
107 Fees (including commissions)		\$	\$	\$
108 Other payments / receipts (specify)		\$	\$	\$

Please enter the total of all entries made in each column of Part V **E=** **F=** \$ **G=** \$ **H=** \$

Please enter in box I the total of all entries made in boxes A, B, C, D, G and H **I=** \$

Part VI – Current accounts

	Beginning balance	Increase	Decrease	Ending balance
Amount of accounts payable	\$ <input type="text"/>	+ \$ <input type="text"/>	- \$ <input type="text"/>	= \$ <input type="text"/>
Amount of accounts receivable	\$ <input type="text"/>	+ \$ <input type="text"/>	- \$ <input type="text"/>	= \$ <input type="text"/>

Instructions

If an election has been made under paragraph 261(3)(b) of the *Income Tax Act* to report in a functional currency, state all monetary amounts in that functional currency, otherwise state all monetary amounts in Canadian dollars (no cents).

Part II – Non-resident information

Q.1 and Q.2. Enter the name and address of the non-resident. For the list of country codes, see the CRA publication, T4061 – NR4 – *Non-Resident Tax Withholding, Remitting and Reporting guide*, Appendix A – Country Codes, at: cra.gc.ca/E/pub/tg/t4061/t4061-e.html.

Q.3. State the type of relationship that exists between the reporting person/partnership and the non-resident. The Canada Revenue Agency needs the relevant financial statements (in English or French) of the non-resident if the non-resident is controlled by the reporting person or partnership and is resident in a non-treaty country. Canada has income tax conventions (treaties) with more than 60 countries. These include the United States, the United Kingdom, France, Japan, and Australia. For information about the countries with which Canada has concluded an income tax treaty, contact your tax services office or consult the Internet at: fin.gc.ca.

Q.4. State the main business activities for the transactions reported in Part III by entering the appropriate North American Industrial Classification System (NAICS) codes. The current NAICS codes can be found at the Statistics Canada internet site, www23.statcan.gc.ca/imdb/p3VD.pl?Function=getVDPPage1&db=imdb&dis=2&adm=8&TVD=118464. You can enter more than one code.

Q.5. State the main countries for the transactions reported in Part III by entering the appropriate country code. You can enter more than one code. For the list of country codes, see the information provided under Q1. and Q2. above.

Q.6. Enter **yes** or **no** to the question. In general, subsection 247(4) of the *Income Tax Act* relates to the requirement to maintain and make available contemporaneous transfer pricing documentation. You can find more information on contemporaneous documentation requirements in Information Circular 87-2, *International Transfer Pricing*. The circular is available at our tax services offices and on the Internet at: canada.ca/taxes.

Part III – Transactions between reporting person/partnership and non-resident

Enter (to the nearest Canadian dollar/functional currency unit if applicable) the monetary consideration derived or incurred for the transactions in Part III. Only record in Part III those amounts that apply to the non-resident described in Part II. Report gross amounts in the two columns.

The "Sold to non-resident" and "Revenue from non-resident" refers to gross sales and revenue received from non-arm's length transactions with non-residents. For example, this includes transactions related to exports from Canada and services provided to the non-resident.

The "Purchased from non-resident" and "Expenditure to non-resident" refers to gross purchases and expenditures made relating to non-arm's length transactions with non-residents. For example, this includes transactions related to imports into Canada and services provided by the non-resident.

For the banking industries, the line for "Stock in trade/raw materials" must be used to report bonds, debentures, loans, mortgage transactions. The normal interest income and expense on loans and advances with the non-arm's length non-resident(s) must be reported in the Financial section.

Part V – Derivatives

The column for Notional Amounts applies to swap transactions. The terms used in this section are described below:

Descriptions

- | | |
|---|---|
| <p>101 Interest Rate Contracts
This section includes
– forward rate arrangements
– swaps
– options purchased
– options written</p> <p>102 Foreign Exchange Contracts
– forward contracts
– cross currency swaps
– cross currency interest rate swaps
– options purchased
– options written</p> <p>103 Credit Contracts
– risk transfer arrangements</p> | <p>104 Equity Contracts
– includes contracts used to transfer the economic benefits of securities and debt instruments</p> <p>105 Commodity Contracts
– includes swaps, forward contracts and options</p> <p>106 Index Contracts
– includes all contracts that derive their value from publicly traded indices</p> <p>107 Fees
– any fee or commission charged on derivative transactions</p> <p>108 Other Payments / Receipts
– other payments and receipts not identified above</p> |
|---|---|

Do you need more information?

For general enquiries, contact the Business Enquiries section of your tax services office. For detailed information about completing the form, contact the International Audit Division of your tax services office. The address and telephone number of the tax services office are listed under "the Canada Revenue Agency" in the Government of Canada section of your telephone book and on the Internet at: canada.ca/taxes.

Information Return of Non-arm's Length Transactions with Non-residents

T106 Information and Instructions

Purpose

The T106 Summary and Slips are annual information returns used to report non-arm's length transactions between reporting persons or partnerships and non-residents under section 233.1 of the *Income Tax Act*. The T106 Summary and Slips are prescribed forms.

Definitions

Under section 233.1 of the *Income Tax Act*:

A "**reporting person**" for a taxation year means a person (corporation, trust or individual) who, at any time in the year,
(a) is resident in Canada; or
(b) is non-resident and carries on business (other than a business carried on as a member of a partnership) in Canada.

A "**reporting partnership**" for a fiscal period means a partnership
(a) a member of which is resident in Canada in the period; or
(b) that carries on business in Canada in the period.

A "**reportable transaction**" means
(a) in the case of
(i) a reporting person for a taxation year who is not resident in Canada at any time in the year, or
(ii) a reporting partnership for a fiscal period no member of which is resident in Canada in the period,
a transaction or a series of transactions that relate in any manner whatever to a business carried on in Canada by the reporting person or partnership in the year or period or a preceding taxation year or period; and
(b) in any other case, a transaction or series of transactions that relate in any manner whatever to a business carried on by a reporting person (other than a business carried on by a reporting person as a member of a partnership) or partnership in a taxation year or fiscal period.

The terms **arm's length** and **non-arm's length** are discussed in Interpretation Bulletin IT 419, *Meaning of Arm's Length*. Refer also to sections 251 and 252 of the *Income Tax Act*.

Who has to file

A **reporting person** has to file T106 documentation for a tax year in respect of reportable transactions in which the reporting person and the non-arm's length non-resident person (or partnership of which that non-resident person is a member) participated in the period. The reporting person has to file the T106 documentation if the amount of the total reportable transactions for all the non-residents combined is **more than CAN \$1,000,000 (i.e., the total of all Box I amounts is more than CAN \$1,000,000)**.

A **reporting partnership** has to file T106 documentation for a fiscal period in respect of reportable transactions in which the reporting partnership and the non-arm's length non-resident person (or partnership of which the non-resident person is a member) participated in the period. The reporting partnership has to file the T106 documentation if the amount of the total reportable transactions for all the non-residents is **more than CAN \$1,000,000 (i.e., the total of all Box I amounts is more than CAN \$1,000,000)**. File T106 documentation for the partnership only and not for each partner.

Where a reporting person or partnership's total amount of the transactions with a particular non-resident during the taxation year is below \$25,000, there is no need to report these transactions in Part III of the T106 Slip. Please see the notice at cra.gc.ca/tx/nrrsdnts/ntcs/t106-eng.html for additional information.

Branches

A Canadian branch of a foreign-based corporation or a foreign-based branch of a Canadian corporation does not have to file T106 documentation for notional transactions. However, non-arm's length transactions between a branch and a non-arm's length party have to be reported in the reporting person's/partnership's T106.

When to file

T106 documentation has to be filed on or before the following dates:

Corporations – six months after the end of the tax year.

Partnerships – the due date is the same as the due date for filing a partnership information return under section 229 of the *Income Tax Regulations*. If no partnership information return has to be filed, the reporting partnership's due date is the day by which the partnership information return would be required to be filed if section 229 did apply to the reporting partnership.

Trusts – 90 days after the end of the tax year.

Individuals – April 30 after the end of each calendar year. For individuals who are self-employed, or individuals whose spouse is self-employed, the filing due date is extended, as with their T1 individual income tax returns, to June 15 after the end of the calendar year.

For short tax years/fiscal period ends, T106 documentation is due at the same time as the filing due date of the T1, T2, and T3 income tax returns or the T5013 information return. For short tax years/fiscal periods which together do not exceed 12 months, one set of T106 documentation is enough if information for the tax years/fiscal periods is detailed in a letter that must accompany the T106 documentation.

What to file

Each reporting person or partnership has to file one T106 Summary, as well as a separate T106 Slip for each non-resident. The information reported in the T106 is filed in respect of the corporation, partnership, trust or individual and not by sub-division, cost centre or individual partner.

Where to file

T106 documentation has to be mailed to the **Winnipeg Taxation Centre, Data Assessment & Evaluation Programs, Validation & Verification Section, Foreign Reporting Returns, 66 Stapon Road, Winnipeg MB R3C 3M2**. T106 documentation has to be filed separately from the income tax return. Do not attach T106 documentation to your income tax return.

Penalties

Late Filing – A late filing penalty, or multiple late filing penalties for more than one T106 Slip may be assessed under subsection 162(7) of the *Income Tax Act* where T106 documentation is filed after the due date. The penalty is equal to the greater of \$100 and \$25 per day, as long as the failure to file continues, to a maximum of 100 days.

Failure to file – A failure to file penalty may be assessed under subsection 162(10) of the *Income Tax Act* where reporting persons or partnerships knowingly, or under circumstances amounting to gross negligence, fail to file or fail to comply with a request by the Canada Revenue Agency (CRA) for T106 documentation. The minimum penalty is \$500 per month, to a maximum of \$12,000 for each failure to comply. Where the CRA has served a demand to file T106 documentation, the minimum penalty is \$1,000 per month, to a maximum of \$24,000 for each failure to comply.

False statement or omission – A false statement or omissions penalty may be assessed under subsection 163(2.4) of the *Income Tax Act* where information provided on the T106 Summary or Slip is incomplete or incorrect. The penalty is \$24,000.

Transfer Pricing Methodologies (TPM)

Use the codes listed below to reflect the main transfer pricing methodology.

- | |
|---|
| <ol style="list-style-type: none">1 Comparable Uncontrolled Price2 Cost-Plus3 Resale4 Profit Split5 Transactional Net Margin6 Qualifying Cost Contribution Arrangement7 Other |
|---|

You can find more information on transfer pricing methods in Information Circular 87-2, *International Transfer Pricing*. The circular is available at our tax services offices and on the Internet at: canada.ca/taxes.