Agence du revenu du Canada

INFORMATION RETURN OF NON-ARM'S LENGTH TRANSACTIONS WITH NON-RESIDENTS **T106 SUMMARY FORM**

- 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

	Do	no	t us	se ti	his	area	а	

(see instructio	n she	eet), st	tate the	electe	d functi	ional c	urrenc	y cod	le: L																				
Section 1 – Report Check ($$) the app								ly.															I						
	Corp	oration	n name												Busi	iness	Num	ber (BN)										
Corporation																								R	С				
	Part	nership	name						Partn	ersh	nip co	ode		-	<u> </u>	nersh	ip id	l entific	ation	num	ber			1	_				
Partnership									1		2		3	7			Ī												
	Trus	t name)					•	•				•						Trus	st acc	ount	numb	er						
Trust													-						Т			_					-		
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Individual															1		2												
Reporting	No.		Stre	et									1							<u> </u>				<u> </u>					
person/partnership	City												Pı	rovino	ce oi	r territ	orv												
address:	Oity													TOVIII			.O. y					ostal ode							
Section 2 – Sumn	nary	inforn	nation																										
1. For what tax year	r/fisca	l period	d are you	u filing th	nese T10	06 form	s?				2.		his the			•										Ye	s	$\overline{}$	No
From Year		Month	Day	То	,	Year	М	lonth	Day			for	o , indic which to 06 forms	he re									1	Year		Mo	onth I		ay
3. Enter the total nu		of		1	ter the to																enue (on/p	artne	rshi	p p
T106 Slips attach	ied.				06 Slips rrency ur					ana	dian	dolla	ar or fu	nctior	nal ——						adian Instru			uncti	onal				
				\$												\$													
6. State the main bu	usines	s activ	ities of the	he repor	rting pers	son/par	tnership	p by e	nterin	g the	app	ropr	riate NA	AICS	code	e(s) –	see	Instr	uction	s for	NAIC	S cod	des.						
			NAIC	CS.	Г								$\overline{}$				Г						1						
			code	e(s):	1					2							3						4						
 Are any of the an claimed by the re tax year/fiscal per or anticipated req 	portin	g perso	on/partn by any o	ership ir complet	n the cur ed, outst	rent tanding		s) Yes		No		clain tax y	any of the ned by year/fiso oposed	the re	epor eriod	ting p l adju	erso sted	n/pai to re	tners flect a	hip in ın as	the c	urren	ıt	crec	lits)	Ye	s [No
Are any of the tra advanced pricing			,	-	٠,	,		_									atior	າ?								Ye	s [No
10. Does the reporti	ing pe	erson/p	artnersh	ip have	to file a	NR4, T	4, T4A	or T4A	A-NR ı	retur	n(s)	for t	he tran	sactio	ons i	report	ed ir	Par	III of	the 7	Γ106 \$	Slips?)			Ye	. [$\overline{}$	No
If yes , state the		_												_							_				<u> </u>] 16	• [110
primary accoun numbers:	ıt	1												2															
Section 3 – Non-r	none	etary c	or nil co	onside	ration																								
Has the reporting transfer of tangible																					geme	nt?				Ye	s [No
Has the reporting whatever, for whi						non-res	sident a	any ser	vice, 1	trans	sfer o	of tar	ngible c	or inta	angik	ole pro	perl	y, or	anyth	ing						Ye	s [No
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Person to contact	for m	ore info	rmation	(please	print)																								
First name					Last nan	ne									(Area c	ode)	Te	eleph	one n	umbe	er						
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Date			Aı	uthorize	d signing	g office	r's, pers	son's, o	or rep	rese	ntati	ve's	signatu	ıre				F	ositio	n, titl	e, or o	office	r's ra	ank					



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 tha
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

Section 1 - Reporting person/partnership identification For partnership code, check ($\sqrt{}$):

1	If end partners are individuals or trusts.

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, check (\vee):

If the individual or the individual's spouse is self-employed.

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,

http://www.statcan.ca/english/concepts/industry.htm#2. 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.

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.

T106 SLIP

Refer to the information and instruction sheet before you complete this form.

Check ($$) the applicable box					s that	apply.	110 10										Slip_		_ of		
Part I – Reporting person/pa												-									
Corporation	Business	Numb	ber (BN	<u>1</u>	- 1	Т				_		I	Trust			Trust accoun	nt numb	er			
							R	C								T	J-L_				
Partnership	Partnersh	ip ide	ntificat	ion nur	nber							\exists	Individual			Social Insura	ance Nu	ımber			
For what tax year/fiscal period ar T106 Slip?	re you filing	this			From	1	Year I	1	Мо	onth I	Da	ay			То	Year	ı	Month	Day		
Part II – Non-resident inforn	nation					'	-	•	•	•									-		
1. Name of the non-resident																					
2. Address of the non-resident a	and country	of res	sidence	e (see I	nstructi	ons for	infor	matio	on on	cou	untry c	odes)					Coun	ntry		
																		code			
3. Type of relationship: Non-resident is control	llod by	_	⊐ No	n rocid	ent conf	trole				7			1", is the non-resid				No	lf was r	attach fin	noial	
1 reporting person/partn		2			erson/p		ship		3	_ 0	ther		th which Canada deax treaty?	oes not	nave	е			ents of the		esident.
4. State the main business activity Part III by entering the appropriate NAICS and as						s (3							is repo	ortec	in Part III by	1		2		
for NAICS codes.								+					entering th code(s) – s					\dashv			
NAICS code(s): 1		2				4	1							Co	ounti	ry code(s):	3		_ 4		
Have you prepared or obtaine as described in subsection 24 tax year/fiscal period with resp	17(4) of the	Incon	ne Tax	Act for				Yes		N	lo	7	Thave any of the (TPM) change with respect to	ed sinc	e th	e previous repo			'es	No	,
Tangible Property Stock in trade/raw materials											\$	to n	Sold ion-resident	TPN]\$[Purchase from non-res		TPM	ì		
Other (specify):							• • • •				\$				\$						
Rents, Royalties and Intangible	Property												Revenue	TPN] · _	Expenditu to non-resid	ire	TPM	, I		
Rents												ITOIII	non-resident	1 🗀]\$[to non-resi	Jeni	1 🛗			
Royalties (e.g., for the use of											· · —				\$						
License or franchise fees															\$						
Intangible property or rights (a															\$						
Services																		. —			
Management, financial, admir											\$			<u> </u>	\$						
Engineering, technical, consti	ruction, etc.	٠									\$_				\$			4			
Research and development															\$			4			
Commissions							• • •				\$_]\$[
Financial											ф.			1	ωΓ			7			
Interest														1	\$			-			
Dividends (e.g., common sto Sale of financial property (inc														1	φ			+			
Lease payments														1	\$			1			
Securities Lending (fees and															\$			-			
Insurance											ا م]\$			1			
Other (excluding derivatives -											\$										
Other		′ –									· · <u></u>				υψ∟				, li		
Reimbursement of expenses											\$				\$						
Other:											\$]\$[
Please enter the total of all entries	s made in e	ach c	olumn	of Part	III					A =	\$			B=	\$						
Part IV – Loans, advances, i	investme	nts a	and si	milar	amoui	nts Begin	ning	bala	ance				Increase			Decreas	e		Endin	g bala	ance
Amounts owed by reporting p	erson/partr	nershi	ip		\$					+	- \$] –	\$			=\$			
Amounts owed to reporting pe	erson/partn	nership	р		\$					+	- \$			-	\$			=\$			



- \$

D= \$

Investment in non-resident (ACB) \$

Part V – Derivatives	Number of contracts	Notional amount		evenue from on-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	F=	\$	G= \$	H= \$	
Please enter in box I the total of all entries made in boxes A, B, C,	D, G and H l =	\$]		
Part VI – Current accounts	Basissins balance	Increase		Decrease	Ending belones
Amount of accounts payable	Beginning balance +] -\$ [= \$	Ending balance
Amount of accounts receivable	+	\$	_\$	=\$	
	Instruct	ions			
If an election has been made under paragraph 261(3)(b) of the	Income Tax Act to report i	n a functional currency,	state all mon	etary amounts in that fu	nctional 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: http://www.cra-arc.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: www.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, http://www.statcan.ca/english/concepts/industry.htm#2. 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: www.cra-arc.qc.ca.

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

- 101 Interest Rate Contracts
 - This section includes
 - forward rate arrangements
 - swaps
 - options purchased
 - options written
- 102 Foreign Exchange Contracts
 - forward contracts
 - cross currency swaps
 - cross currency interest rate swaps
 - options purchased
 - options written
- 103 Credit Contracts
 - risk transfer arrangements

- - includes contracts used to transfer the economic benefits of securities and debt instruments
- 105 Commodity Contracts
 - includes swaps, forward contracts and options
- 106 Index Contracts
 - includes all contracts that derive their value from publicly traded indices
- 107 Fees
 - any fee or commission charged on derivative transactions
- 108 Other Payments / Receipts
 - other payments and receipts not identified above

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: www.cra-arc.gc.ca.

T106 SLIP

Part I – Reporting person/p		<u> </u>									_											
Corporation	Busines	s Num	nber (BN)) 			1 1			\Box		Trust			Trust a	account	numbe	r	$\overline{}$	— r	$\overline{}$	\neg
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Partnership	Partners	hip id	entificatio	n numbe	r	•			-		lr	ndividual			Social	Insurar	ce Nur	nber				_
For what tax year/fiscal period at T106 Slip?	re you filin	g this		Fro	om [Ye	ar	Мо	nth	Day				То	,	Year	M	onth	Day	у		
·					L																	
Part II – Non-resident inforr	nation																					
Name of the non-resident																						
2. Address of the non-resident a	and countr	y of re	esidence	(see Instr	ructio	ons for ir	format	tion on	count	ry code	es)							Cour				
3. Type of relationship:										1 1	If "1" i	s the non-re	neidon	t in a cou	ıntnı	Yes	No	code				
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reporting person/partr 4. State the main business activ				<u> </u>		ai ii ieisn	ıh			1		reaty? . State th	e mai	in count	tries for th	he	 	stateme	ents o	i the n	on-res	ident.
Part III by entering the appropriate NAICS codes.						3					\parallel	transact	tions i	reported	d in Part I iate coun	III by 1			2			
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NAICS code(s): 1		2				4					$\perp \!\! \perp$				ry code(s	s): 			<u>」</u>			
6. Have you prepared or obtained		poran	eous doc	cumentati	on						7 H		of tha	tranafai	r pricina r	methodo	ologies		. [1	
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Amounts owed to reporting person/partnership \$

Investment in non-resident (ACB) \$

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	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			_	
Amount of accounts payable\$	Beginning balance + \$		*	Ending balance
Amount of accounts receivable \$	+ \$		\$	=\$
If an election has been made under paragraph 261(3)(b) of the	Instructio	_	all monetary amounts is	a 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: http://www.cra-arc.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: www.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, http://www.statcan.ca/english/concepts/industry.htm#2. 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: www.cra-arc.gc.ca.

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

- 101 Interest Rate Contracts
 - This section includes
 - forward rate arrangements
 - swaps
 - options purchased
 - options written
- 102 Foreign Exchange Contracts
 - forward contracts
 - cross currency swaps
 - cross currency interest rate swaps
 - options purchased
 - options written
- 103 Credit Contracts
 - risk transfer arrangements

- 104 Equity Contracts
 - · includes contracts used to transfer the economic benefits of securities and debt instruments
- 105 Commodity Contracts
 - includes swaps, forward contracts and options
- 106 Index Contracts
 - includes all contracts that derive their value from publicly traded indices
- 107 Fees
 - any fee or commission charged on derivative transactions
- 108 Other Payments / Receipts
 - other payments and receipts not identified above

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: www.cra-arc.gc.ca.

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 http://www.cra-arc.gc.ca/tx/nnrsdnts/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 Ottawa Technology Centre, Validation and Verification Division, Other Programs Unit, 875 Heron Road, Ottawa ON K1A 1A2. 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.

- Comparable Uncontrolled Price
- Cost-Plus 2
- 3 Resale
- 4 Profit Split
- Transactional Net MarginQualifying Cost Contribution Arrangement
- 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: www.cra-arc.gc.ca.