

Canadian Retirement Plan Trust Reporting

Notice 2003-57

Section 1. General Foreign Trust Reporting Requirements for Certain Canadian Retirement Plans

Internal Revenue Code section 6048 requires information reporting with respect to certain foreign trusts. Persons subject to these information reporting rules must file Form 3520 (*Annual Return to Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts*) or Form 3520-A (*Annual Information Return of Foreign Trust With a U.S. Owner*), as applicable.

In Notice 2003-25, 2003-18 I.R.B. 855, Treasury and the Internal Revenue Service recognized that some taxpayers with interests in certain Canadian retirement savings plans, as well as the custodians of such plans, were unfamiliar with the requirements for filing Forms 3520 and 3520-A. Accordingly, Notice 2003-25 provides an automatic extension until August 15, 2003, for any person who is required to file a 2002 Form 3520 or Form 3520-A with respect to a Registered Retirement Savings Plan ("RRSP"), Registered Retirement Income Fund ("RRIF") or other eligible plan within the meaning of section 3 of Revenue Procedure 2002-23, 2002-1 C.B. 744. Notice 2003-25 further provides that Treasury and the IRS are considering establishing for future taxable years a simplified reporting regime for RRSPs and persons with interests in RRSPs and coordinating the reporting requirements with the election described in section 4 of Revenue Procedure 2002-23.

Section 2. Relief from 2002 Foreign Trust Reporting Requirements for Certain Canadian Retirement Plans

Treasury and the IRS are continuing to work toward implementation of an alternative, simplified reporting regime for Canadian retirement plans for future taxable years. Treasury and the IRS have concluded, however, that additional relief with respect to 2002 Form 3520 and Form 3520-A reporting requirements should be provided to RRSPs and RRIFs and their beneficiaries.

First, with respect to the 2002 taxable year, if the beneficiary of an RRSP or RRIF (a) makes or has made an election with respect to the plan in accordance with section 4 of Revenue Procedure 2002-23 or section 3 of this notice, (b) complies or has complied with the annual reporting requirements of Revenue Procedure 2002-23 for the taxable year, and (c) received no distributions from the plan during his or her 2002 taxable year, then no Form 3520 or Form 3520-A with respect to the plan is required.

Second, an individual, RRSP or RRIF that has filed or files a Form 3520 or Form 3520-A for the 2002 taxable year that does not provide all appropriate information may be requested by the IRS to provide such information. Unless the IRS requests such information and the individual or plan fails to provide the IRS with the information identified in such request, no individual or plan that has filed or files a Form 3520 or Form 3520-A with respect to the 2002 taxable year will be subject to failure to file penalties. The individual or plan should write the following on the top of the first page of the Form 3520 or Form 3520-A: "CANADIAN RRSP" OR "CANADIAN RRIF" as the case may be.

Section 3. Automatic Extension of Time to Make Election Described in Section 4 of Revenue Procedure 2002-23

Section 4 of Revenue Procedure 2002-23 provides procedures under which a beneficiary of an RRSP or RRIF may elect to defer U.S. income tax on the beneficiary's share of income accrued in the plan until that income is distributed to the beneficiary. A beneficiary makes this election by attaching to his or her timely filed (including extensions) United States federal income tax return for the current year the statement described in section 4.01. The election applies to the beneficiary's current taxable year and all subsequent taxable years. Pursuant to section 301.9100-2(b) through (d) of the Procedure and Administration Regulations, an individual who timely filed his or her United States federal income tax return for the 2002 taxable year without making the election described in section 4 of Revenue Procedure 2002-23 with respect to an RRSP or RRIF, and who would like to make the election for the

2002 taxable year, may make the election by filing an amended 2002 federal income tax return by the date that is 6 months after the due date of the return, excluding extensions, and attaching to the amended return the statement described in section 4.01 of Revenue Procedure 2002-23. The individual must provide the following statement at the top of the amended return: "FILED PURSUANT TO SECTION 301.9100-2."

The principal author of this notice is Amanda A. Ehrlich of the Office of Associate Chief Counsel (International). For further information regarding this notice, contact Amanda A. Ehrlich or Willard W. Yates at (202) 622-3880 (not a toll-free call).
