



Do not use this area

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.

Section 1 - Reporting person/partnership identification

Check (✓) the applicable box and complete the areas that apply.

Form section for reporting person/partnership identification, including fields for Corporation name, Partnership name, Trust name, Individual details, and Reporting person/partnership address.

Section 2 - Summary information

Form section for summary information, including questions about tax year, first time filing, number of slips, and business activities.

Section 3 - Non-monetary or nil consideration

Form section for non-monetary or nil consideration, including questions about services provided to non-residents.

Certification

Certification section including fields for contact information, signature, and position.

Instructions

State all monetary amounts to the nearest Canadian dollar (no cents).

Section 1 – Reporting person/partnership identification

For partnership code, check (✓):

- 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, check (✓):

- 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) from the list in the instructions. 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.



Part I - Reporting person/partnership information

Refer to the information and instruction sheet before you complete this form. Check (✓) the applicable box and complete the areas that apply.

Form section for Part I: Reporting person/partnership information. Includes fields for Corporation, Partnership, Individual, Trust, Business Number (BN), Partnership identification number, Social Insurance Number, and tax year/fiscal period.

Part II - Non-resident information

Form section for Part II: Non-resident information. Includes fields for Name of the non-resident, Address, Type of relationship, NAICS code(s), Country code(s), and documentation prepared.

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

Enter in the appropriate box the monetary consideration (to the nearest Canadian dollar) 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

Table for Tangible Property with columns: Sold to non-resident, TPM, Purchased from non-resident, TPM. Rows include Stock in trade/raw materials and Other (specify).

Rents, Royalties and Intangible Property

Table for Rents, Royalties and Intangible Property with columns: Revenue from non-resident, TPM, Expenditure to non-resident, TPM. Rows include Rents, Royalties, License or franchise fees, and Intangible property or rights.

Services

Table for Services with columns: Revenue from non-resident, TPM, Expenditure to non-resident, TPM. Rows include Managerial, financial, administrative, marketing, training, etc.; Engineering, technical, construction, etc.; Research and development; and Commissions.

Financial

Table for Financial with columns: Revenue from non-resident, TPM, Expenditure to non-resident, TPM. Rows include Interest, Dividends, Insurance, and Other including derivatives.

Other

Table for Other with columns: Revenue from non-resident, TPM, Expenditure to non-resident, TPM. Row includes Reimbursement of expenses (at cost).

Please enter the total of all entries made in each column of Part III

A= B=

Part IV - Loans, advances, investments and similar amounts

Table for Part IV: Loans, advances, investments and similar amounts. Columns: Beginning balance, Increase, Decrease, Ending balance. Rows: 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=

Please enter in box E the total of all entries made in boxes A, B, C, and D

E= \$

Part V - Current accounts

Table for Part V: Current accounts. Columns: Beginning balance, Increase, Decrease, Ending balance. Rows: Amount of accounts payable, Amount of accounts receivable.

Instructions

State all monetary amounts to the nearest Canadian dollar (no cents).

Part II – Non-resident information

Q.1 and Q.2. Enter the name and address of the non-resident. Enter the appropriate country code from the list in the instructions.

Q.3. State the type of relationship that exists between the reporting person/partnership and the non-resident. The Canada Customs and 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 from the list in the instructions. 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 from the list in the instructions. You can enter more than one code.

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 87-2R, International Transfer Pricing. The circular is available at our tax services offices and on the Internet at: www.ccra-adrc.gc.ca.

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

Enter (to the nearest Canadian dollar) 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.

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 Customs and Revenue Agency" in the Government of Canada section of your telephone book and on the Internet at: www.ccra-adrc.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

For the purpose of section 233.1 of the *Income Tax Act*, the T106 Summary and Slips and the following instructions apply:

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 total reportable transactions for all the non-residents combined is **more than CAN \$1,000,000 (i.e. the total of all Box E 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 total reportable transactions for all the non-residents is **more than CAN \$1,000,000 (i.e. the total of all Box E amounts is more than CAN \$1,000,000)**. File T106 documentation for the partnership only and not for each partner.

Branches

A Canadian branch of a foreign-based corporation or a foreign-based branch of 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 month, 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 Customs and Revenue Agency (CCRA) for T106 documentation. The minimum penalty is \$500 per month, to a maximum of \$12,000 for each failure to comply. Where the CCRA 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.

North American Industrial Classification

NAICS Code		NAICS Code	
	Agriculture		Information
111	Crop Production	511	Publishing Industries
112	Animal Production	512	Motion Picture and Sound Recording Industries
113	Forestry and Logging	513	Broadcasting and Telecommunications
114	Fishing, Hunting and Trapping	514	Information Services and Data Processing Services
115	Support Activities for Agriculture and Forestry		
	Mining		Finance and Insurance
211	Oil and Gas Extraction	521	Monetary Authorities - Central Bank
212	Mining (except oil and gas)	522	Credit Intermediation and Related Activities
213	Support Activities for Mining and Oil and Gas Extraction	523	Securities, Commodity Contracts and Other Intermediation and Related Activities
	Utilities	524	Insurance Carriers and Related Activities
221	Utilities	525	Funds, Trusts and Other Financial Vehicles
	Construction		Real Estate and Rental and Leasing
233	Building, Developing and General Contracting	531	Real Estate
234	Heavy Construction	532	Rental and Leasing Services
235	Special Trade Contractors	533	Owners and Lessors of Other Non-Financial Assets
	Manufacturing		Professional, Scientific and Technical Services
311	Food Manufacturing	541	Professional, Scientific and Technical Services
312	Beverage and Tobacco Product Manufacturing		Management of Companies and Enterprises
313	Textile Mills	551	Management of Companies and Enterprises
314	Textile Product Mills		Administrative and Support, Waste Management and Remediation Services
315	Clothing Manufacturing	561	Administrative and Support Services
316	Leather and Allied Product Manufacturing	562	Waste Management and Remediation Services
321	Wood Product Manufacturing		Educational Services
322	Paper Manufacturing	611	Educational Services
323	Printing and Related Support Services		Health Care and Social Assistance
324	Petroleum and Coal Products Manufacturing	621	Ambulatory Health Care Services
325	Chemical Manufacturing	622	Hospitals
326	Plastics and Rubber Products Manufacturing	623	Nursing and Residential Care Facilities
327	Non-Metallic Mineral Product Manufacturing	624	Social Assistance
331	Primary Metal Manufacturing		Arts, Entertainment and Recreation
332	Fabricated Metal Product Manufacturing	711	Performing Arts, Spectator Sports and Related Industries
333	Machinery Manufacturing	712	Museums, Historical Sites and Similar Institutions
334	Computer and Electronic Product Manufacturing	713	Amusement, Gambling and Recreation Industries
335	Electrical Equipment, Appliance and Component Manufacturing		Accommodation and Food Services
336	Transportation Equipment Manufacturing	721	Accommodation
337	Furniture and Related Product Manufacturing	722	Food Services and Drinking Places
339	Miscellaneous Manufacturing		Other Services (except public administration)
	Wholesale Trade	811	Repair and Maintenance
421	Wholesale Trade, Durable Goods	812	Personal and Laundry Services
422	Wholesale Trade, Non-Durable Goods	813	Religious, Grant-Making, Civic, Professional and Similar Organizations
	Retail Trade	814	Private Households
441	Motor Vehicle and Parts Dealers		Public Administration
442	Furniture and Home Furnishings Stores	921	Executive, Legislative, Public Finance and General Government
443	Electronics and Appliance Stores	922	Justice, Public Order, and Safety
444	Building Material and Garden Equipment and Supplies Dealers	923	Administration of Human Resource Programs
445	Food and Beverage Stores	924	Administration of Environmental Quality Programs
446	Health and Personal Care Stores	925	Administration of Housing Programs, Urban Planning and Community Development
447	Gasoline Stations	926	Administration of Economic Programs
448	Clothing and Clothing Accessories Stores	927	Space Research and Technology
451	Sporting Goods, Hobby, Book and Music Stores	928	National Security and International Affairs
452	General Merchandise Stores		
453	Miscellaneous Store Retailers		
454	Non-Store Retailers		
	Transportation and Warehousing		
481	Air Transportation		
482	Rail Transportation		
483	Water Transportation		
484	Truck Transportation		
485	Transit and Ground Passenger Transportation		
486	Pipeline Transportation		
487	Scenic and Sightseeing Transportation		
488	Support Activities for Transportation		
491	Postal Service		
492	Couriers and Messengers		
493	Warehousing and Storage Facilities		

Country Codes

AFG Afghanistan	DOM Dominican Republic	LSO Lesotho	LCA St. Lucia
ALB Albania	TMP East Timor	LBR Liberia	SPM St. Pierre and Miquelon
DZA Algeria	ECU Ecuador	LBY Libyan Arab Jamahiriya	VCT St. Vincent and the Grenadines
ASM American Samoa	EGY Egypt	LIE Liechtenstein	SMR San Marino
AND Andorra	SLV El Salvador	LTU Lithuania	STP Sao Tome and Principe
AGO Angola	GNQ Equatorial Guinea	LUX Luxembourg	SAU Saudi Arabia
AIA Anguilla	ERI Eritrea	MAC Macau	SEN Senegal
ATA Antarctica	EST Estonia	MKD Macedonia	SYC Seychelles
ATG Antigua and Barbuda	ETH Ethiopia	MDG Madagascar	SLE Sierra Leone
ARG Argentina	FLK Falkland Islands (Malvinas)	MDR Madeira	SGP Singapore
ARM Armenia	FRO Faroe Islands	MWI Malawi	SVK Slovak Republic
ABW Aruba	FJI Fiji	MYS Malaysia	SVN Slovenia
AUS Australia	FIN Finland	MDV Maldives	SLB Solomon Islands
AUT Austria	FRA France	MLI Mali	SOM Somalia
AZE Azerbaijan	GUF French Guiana	MLT Malta	ZAF South Africa
AZO Azores	PYF French Polynesia	MHL Marshall Islands	SGS South Georgia and the South Sandwich Islands
BHS Bahamas	ATF French Southern Territories	MTQ Martinique	ESP Spain
BHR Bahrain	GAB Gabon	MRT Mauritania	LKA Sri Lanka
BGD Bangladesh	GMB Gambia	MUS Mauritius	SDN Sudan
BRB Barbados	GEO Georgia	MYT Mayotte	SUR Surinam
BLR Belarus	DEU Germany	MEX Mexico	SJM Svalbard and Jan Mayen
BEL Belgium	GHA Ghana	FSM Micronesia	SWZ Swaziland
BLZ Belize	GIB Gibraltar	MDA Moldova	SWE Sweden
BEN Benin	GRC Greece	MCO Monaco	CHE Switzerland
BMU Bermuda	GRL Greenland	MNG Mongolia	SYR Syrian Arab Republic
BTN Bhutan	GRD Grenada	MSR Montserrat	TJK Tajikistan
BOL Bolivia	GLP Guadeloupe	MAR Morocco	TWN Taiwan
BIH Bosnia and Herzegovina	GUM Guam	MOZ Mozambique	TZA Tanzania
BWA Botswana	GTM Guatemala	MMR Myanmar (Burma)	THA Thailand
BVT Bouvet Island	GNS Guernsey	NAM Namibia	TGO Togo
BRA Brazil	GIN Guinea	NLR Nauru	TKL Tokelau
IOT British Indian Ocean Territory	GNB Guinea-Bissau	NPL Nepal	TON Tonga
BRN Brunei Darussalam	GUY Guyana	NLD Netherlands	TTO Trinidad and Tobago
BGR Bulgaria	HTI Haiti	ANT Netherlands Antilles (Bonaire, Curaçao, St. Martin)	TUN Tunisia
BFA Burkina Faso (Upper Volta)	HMD Heard Island and McDonald Islands	NCL New Caledonia	TUR Turkey
BDI Burundi	HND Honduras	NZL New Zealand	TKM Turkmenistan
KHM Cambodia (Kampuchea)	HKG Hong Kong	NIC Nicaragua	TCA Turks and Caicos Islands
CMR Cameroon	HUN Hungary	NER Niger	TUV Tuvalu
CAN Canada	ISL Iceland	NGA Nigeria	UGA Uganda
CNP Canary Islands	IND India	NIU Niue	UKR Ukraine
CPV Cape Verde	IDN Indonesia	NFK Norfolk Island	ARE United Arab Emirates
CYM Cayman Islands	IRN Iran	MNP Northern Mariana Islands	GBR United Kingdom
CAF Central African Republic	IRQ Iraq	NOR Norway	USA United States
TCD Chad	IRL Ireland	OMN Oman	UMI United States Minor Outlying Islands
CHL Chile	GBA Isle of Man	PAK Pakistan	URY Uruguay
CHN China, People's Republic of (Mainland)	ISR Israel	PLW Palau	UZB Uzbekistan
CXR Christmas Island (Australia)	ITA Italy	PAN Panama	VUT Vanuatu (New Hebrides)
CCK Cocos (Keeling) Islands	JAM Jamaica	PNG Papua New Guinea	VAT Vatican City State (Holy See)
COL Colombia	JPN Japan	PRY Paraguay	VEN Venezuela
COM Comoros	JRS Jersey	PER Peru	VNM Vietnam
COG Congo	JOR Jordan	PHL Philippines	VGB Virgin Islands (British)
COD Congo, Democratic Republic of	KAZ Kazakhstan	PCN Pitcairn	VIR Virgin Islands (U.S.)
COK Cook Islands	KEN Kenya	POL Poland	WLF Wallis and Futuna Islands
CRI Costa Rica	KIR Kiribati	PRT Portugal	ESH Western Sahara
CIV Côte d'Ivoire (Ivory Coast)	PRK Korea, Democratic People's Republic of (North)	PRI Puerto Rico	WSM Western Samoa
HRV Croatia	KOR Korea, Republic of (South)	QAT Qatar	YEM Yemen
CUB Cuba	KWT Kuwait	REU Reunion	YUG Yugoslavia
CYP Cyprus	KGZ Kyrgyzstan	ROM Romania	ZMB Zambia
CZE Czech Republic	LAO Lao	RUS Russian Federation	ZWE Zimbabwe
DNK Denmark	LVA Latvia	RWA Rwanda	
DJI Djibouti	LBN Lebanon	SHN St. Helena	
DMA Dominica		KNA St. Kitts and Nevis	

Transfer Pricing Methodologies (TPM)

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

- | | |
|---|--|
| 1 | Comparable Uncontrolled Price |
| 2 | Cost-Plus |
| 3 | Resale |
| 4 | Profit Split |
| 5 | Transactional Net Margin |
| 6 | Qualifying Cost Contribution Arrangement |
| 7 | Other |

You can find more information on transfer pricing methods in Information Circular 87-2R, *International Transfer Pricing and Other International Transactions*. The circular is available at our tax services offices and on the Internet at: www.ccrea-adrc.gc.ca.