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# bulletin



ASSOCIATION CANADIENNE DES  
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*For distribution to relevant parties within your firm*

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## Industry Relations and Representation Update – Compliance with US Tax Laws with Respect to RRSPs and RRIFs – IRS Issues a New Notice Which Provides Relief

A Notice issued by the US Internal Revenue Service (IRS) during April 2003 subjected US citizens and residents to complex US filing requirements if they owned, contributed to, or made withdrawals from, Registered Retirement Savings Plans (RRSPs) or Registered Retirement Income Funds (RRIFs). On August 1, the IRS issued a new notice that provided some relief. The Association had issued Bulletins 3158, 3177 and 3184 on this issue.

We are pleased to report that the IRS, in Notice 2003-75 (the Notice), has adopted a new, simplified reporting regime designed to permit taxpayers to meet their reporting obligations by using information that is readily available. For taxable years beginning after December 31 2002, Forms 3520 and 3520A are no longer required to be filed. Specifically, the RRSP's beneficiary is no longer required to file Form 3520 and the financial institution holding the RRSP trust is not required to file Form 3520A on the client beneficiary's behalf, nor does the financial institution have to provide a beneficiary statement. Additionally, the previous, onerous penalties are no longer applicable.

The IRS is designing a new form that U.S. citizens or residents who hold a RRSP or RRIF will have to complete and attach to their Form 1040. The new form will also coordinate the reporting rules with the procedure for making the election under the U.S.-Canada income tax convention to defer U.S. income taxation of income accrued in the RRSP or RRIF.

However, until that form is completed, those affected must file information, as stipulated in the Notice. **Please refer to the Notice for more detailed information. The Notice is available at:** <http://www.irs.gov/pub/irs-drop/n-03-75.pdf>

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