

Part III - Administrative, Procedural, and Miscellaneous

RRSP and RRIF Information Reporting

Notice 2003-75

SECTION 1. BACKGROUND.

Notice 2003-25, 2003-18 I.R.B. 855, and Notice 2003-57, 2003-34 I.R.B. 397, provided guidance to taxpayers regarding their 2002 taxable year information reporting obligations with respect to Canadian registered retirement savings plans ("RRSPs") and registered retirement income funds ("RRIFs"). These Notices stated that Treasury and the IRS intended to develop an alternative, simplified reporting regime for these Canadian retirement plans for future taxable years.

This notice describes the new simplified reporting regime that Treasury and the IRS have developed for taxpayers who hold interests in RRSPs and RRIFs. The new reporting regime, which is effective for taxable years beginning after December 31, 2002, is in lieu of the filing obligations under section 6048 (Form 3520 (Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts) and Form 3520-A (Annual Information Return of Foreign Trust with a U.S. Owner)) that otherwise apply to U.S. citizens and resident aliens who hold interests in RRSPs and RRIFs and to the custodians of such plans. The new simplified reporting regime is designed to permit taxpayers to meet their reporting obligations by using information that is readily available to them.

SECTION 2. NEW REPORTING REGIME.

.01. New Form. Under the authority of section 6001 of the Internal Revenue Code, Treasury and the IRS are designing a new form that a U.S. citizen or resident alien who holds an interest in an RRSP or RRIF must complete and attach to his or her Form 1040. The new form also will coordinate the reporting rules with the procedure set forth in section 4 of Revenue Procedure 2002-23, 2002-1 C.B. 744, for making the election under Article XVIII(7) of the U.S.-Canada income tax convention to defer U.S. income taxation of income accrued in the RRSP or RRIF.

.02. Interim Reporting Rules for Beneficiaries Making the Election to Defer U.S. Income Taxation on Income of an RRSP or RRIF. Until the form referred to in section 2.01 of this notice is available, any U.S. citizen or resident alien who is a beneficiary (as defined in section 2.06 of this notice) of an RRSP or RRIF and who has made the election described in section 4 of Revenue Procedure 2002-23 with respect to the RRSP or RRIF, or who is making such election effective for the 2003 taxable year and subsequent taxable years, must

- (i) attach a copy of each such election to his or her Form 1040;
- (ii) indicate the balance in each RRSP or RRIF at the end of the taxable year either on the copy of the election or by attaching a copy of a statement issued by the custodian of the RRSP or RRIF; and
- (iii) comply with section 2.05 of this notice if he or she has received any distributions during the taxable year from such RRSP or RRIF.

.03. Interim Reporting Rules for Beneficiaries Not Making the Election to Defer U.S. Income Taxation on Income of an RRSP or RRIF. Until the form referred to in section 2.01 of this notice is available, any U.S. citizen or resident alien who is a beneficiary (as defined in section 2.06 of this notice) of an RRSP or RRIF and who has not made the election described in section 4 of Revenue Procedure 2002-23 with respect to the RRSP or RRIF, and who is not making such election for the 2003 taxable year, must attach a statement to his or her Form 1040 that includes the following information:

- (i) The caption "CANADIAN RRSP" or "CANADIAN RRIF," whichever is applicable;
- (ii) The taxpayer's name and taxpayer identification number;
- (iii) The taxpayer's address;
- (iv) The name and address of the custodian of the RRSP or RRIF and the plan account number, if any;
- (v) The amount of contributions to the RRSP or RRIF during the taxable year;
- (vi) The undistributed earnings of the RRSP or RRIF during the taxable year in each of the following categories: interest, dividends, capital gains, and other;
- (vii) The total amount of distributions received from the RRSP or RRIF during the taxable year; and
- (viii) The balance in the RRSP or RRIF at the end of the taxable year.

The taxpayer must provide a separate statement for each RRSP or RRIF of which he or she is a beneficiary. In addition to attaching the statement described in this section 2.03 to his or her Form 1040, the taxpayer must report the undistributed earnings for that taxable year of all such RRSPs and RRIFs on Schedule B (Interest and Ordinary Dividends) or D (Capital Gains and Losses), as appropriate, and on line 8a, 9, 13, or 21 of the Form 1040. The taxpayer must also comply with section 2.05 of this notice if the taxpayer has received any distributions during the taxable year from such RRSP or RRIF.

.04. Interim Reporting Rules for Annuitants of RRSPs and RRIFs. Until the form referred to in section 2.01 of this notice is available, if a U.S. citizen or resident alien is an annuitant (as defined in section 2.06 of this notice) under an RRSP or RRIF that has no beneficiary (as defined in section 2.06 of this notice), and the annuitant receives a distribution from the RRSP or RRIF, the annuitant must in the year of distribution attach a statement to his or her Form 1040 that includes the following information:

- (i) The caption "ANNUITANT UNDER CANADIAN RRSP" or "ANNUITANT UNDER CANADIAN RRIF," whichever is applicable;

- (ii) The annuitant's name and taxpayer identification number;
- (iii) The annuitant's address;
- (iv) The name and address of the custodian of the RRSP or RRIF and the plan account number, if any;
- (v) The total amount of distributions received from the RRSP or RRIF during the taxable year; and
- (vi) The balance in the RRSP or RRIF at the end of the taxable year.

The annuitant must provide a separate statement for each such RRSP or RRIF from which he or she has received a distribution during the taxable year. The annuitant must comply with section 2.05 of this notice with respect to such distributions.

.05. Distributions. A U.S. citizen or resident alien who has received any distributions during the taxable year from an RRSP or RRIF must report the total amount of distributions received during the taxable year from all such RRSPs and RRIFs on line 16a of the Form 1040 and the taxable amount of all such distributions (as determined under section 72) on line 16b of the Form 1040.

.06. Definition of Beneficiary and Annuitant. For purposes of the new simplified reporting regime described in this notice, a beneficiary of an RRSP or RRIF is an individual who is subject to current U.S. income taxation on income accrued in the RRSP or RRIF or would be subject to such taxation had the individual not made the election under Article XVIII(7) of the U.S.-Canada income tax convention to defer U.S. income taxation of income accrued in the RRSP or RRIF. For these purposes, an annuitant of an RRSP or RRIF is an individual who is designated pursuant to the RRSP or RRIF as an annuitant.

.07. Record Retention. Taxpayers must retain supporting documentation relating to information required by the new reporting regime, including Canadian Forms T4RSP, T4RIF, or NR4, and periodic or annual statements issued by the custodian of the RRSP or RRIF.

SECTION 3. SECTIONS 6048 AND 6677 ARE NOT APPLICABLE

The new simplified reporting regime, instituted under the authority of section 6001, provides the information needed for tax compliance purposes. Therefore, pursuant to section 6048(d)(4), no reporting will be required under section 6048 with respect to RRSPs and RRIFs that have beneficiaries or annuitants who are subject to the new simplified reporting regime. Accordingly, the associated penalties described in section 6677 do not apply to such RRSPs and RRIFs and their beneficiaries or annuitants. A beneficiary or annuitant of an RRSP or RRIF may, however, be subject to other penalties.

SECTION 4. EFFECT ON OTHER DOCUMENTS.

Notice 2003-25, Notice 2003-57, and section II.E of Notice 97-34 (pertaining to

reporting for certain transfers to RRSPs), 1997-1 C.B. 422, are superseded to the extent inconsistent with this notice.

SECTION 5. EFFECTIVE DATE.

This notice is effective for taxable years beginning after December 31, 2002.

SECTION 6. PAPERWORK REDUCTION ACT.

The collection of information contained in this notice has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control number 1545-1865.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number.

The collection of information in this notice is in section 2. This information will be used to compute and collect the right amount of tax. The likely respondents are individuals.

The estimated total annual reporting burden under the new simplified reporting regime for taxpayers who hold interests in RRSPs and RRIFs is 1,500,000 hours. The estimated annual burden per respondent varies from 0.5 hour to 5 hours, depending on individual circumstances, with an estimated average of 2 hours. The estimated number of respondents is 750,000.

The estimated annual frequency of responses is once per respondent per plan.

The new simplified reporting regime substantially reduces the reporting burden of taxpayers who hold interests in RRSPs and RRIFs. Under the prior regime, the average estimated reporting burden was more than 50 hours per Form 3520 (more than 100 hours per respondent). In addition, the new simplified reporting regime eliminates the requirement to file Form 3520-A, reducing the burden of a custodian by more than 40 hours per RRSP or RRIF.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

SECTION 7. DRAFTING INFORMATION.

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