

Newsletter



Robinson Sheppard Shapiro
Avocats • Lawyers

August 15, 2019

New requirement to disclose your prête-nom or nominee agreements to Revenu Québec

Are you a party to a “prête-nom” or nominee agreement? These are commonly used in real estate transactions to register property in the name of a nominee corporation, which holds legal title only, with the beneficial ownership retained by the true owner(s). Nominee corporations are often used to collect rent and pay expenses, or to acquire family assets such as a residence. Revenu Québec recently introduced new rules requiring the disclosure of all nominee agreements.

Some forms of nominee agreements must already be disclosed to Revenu Québec in the provincial corporate income tax return (CO-17-T). Even if they were previously disclosed in your tax return, ALL Québec taxpayers are now required to disclose ALL nominee agreements that fall into the following two categories:

- All nominee agreements signed **on or after May 17, 2019**, must be disclosed within **90 days** of the date of signature; and
- All nominee agreements signed **before May 17, 2019**, but which have tax consequences that continue **after May 16, 2019**, (for example, as to the deduction of expenses, the attribution of rental income, the imposition of a capital gain, claiming the principal residence exemp-

tion, etc.) must be disclosed **by or before September 16, 2019**.

Nominee agreements signed **before May 16, 2019**, and which do *not* have continuing tax consequences after that date do *not* need to be disclosed under these new rules. However, the reference to “tax consequences” is not yet clear and will require further government comments.

The information to be disclosed includes the date of the nominee agreement, the identity of the parties, a full description of the transaction (or the series of transactions) covered by the nominee agreement and the identity of any person or entity for which there are resulting tax consequences. Revenu Québec has not yet provided a prescribed



Sharon G. Druker
514 393-4014
sgdruker@rsslex.com



Geneviève Goulet
514 393-7422
ggoulet@rsslex.com

Our newsletters aim to bring to your attention the contemporary legal issues which we believe are and should be of interest to the public at large and under no circumstances are they to be considered as legal opinions. The newsletters are merely intended to alert readers to interesting topics and/or new developments in law. © RSS 2019. No part of this newsletter may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, unless the source is mentioned in writing on the face of the reproduction.



Robinson Sheppard Shapiro

form for the disclosure, so until they do so, a letter setting out this information must be sent to Revenu Québec by one of the parties to the nominee agreement within the prescribed 90-day delay.

Failure to disclose your nominee agreement can result in an initial penalty of \$1,000 plus an additional daily penalty of \$100 (up to a maximum total penalty

of \$5,000). As well, Revenu Québec can suspend your tax assessment period, which means that prescription does not begin to run on its tax claims against you.

For more information on these new rules, and for assistance in preparing the required disclosure materials, please contact one of our following professionals:

Martin Lord • mlord@rsslex.com • 514 393-4041

Sharon G. Druker • sgdruker@rsslex.com • 514 393-4014

Geneviève Goulet • ggoulet@rsslex.com • 514 393-7422

