



TaxNewsFlash

Canada

FI — CRA Offers Temporary CRS Reprieve for Partnerships

April 14, 2026

No. 2026-24

Certain partnerships that may have Canadian due diligence and reporting obligations under the Common Reporting Standard (CRS) may be relieved for this reporting period. The CRA has now announced that a partnership will be considered a Canadian resident for CRS purposes where the place of effective management of the partnership's business is situated in Canada. This new reprieve, which was announced on April 10, 2026, reverses course on an earlier position announced on December 19, 2025 in which the CRA broadly expanded the circumstances under which a partnership may be considered a Canadian resident for CRS purposes. The CRA states that the CRS guidance for partnerships is currently being reviewed and may be revised at a later date. Note that the remainder of the CRA's revised guidance announced in 2025 remains in place.

As a result of this revised position, certain partnerships may no longer be subject to CRS due diligence and reporting obligations in Canada for this reporting period (i.e., the 2025 reporting year, due before May 1, 2026). This development may be relieving news for affected asset management companies and investment funds, as many foreign fund managers use Canadian-formed partnerships to facilitate investments. KPMG can help determine whether financial institutions (FIs) may benefit from this new position and prepare for any potential upcoming CRA changes.

Background

Under Canada's FATCA and CRS regimes, affected FIs are generally required to identify accounts held by tax residents of jurisdictions outside of Canada (including persons with dual or multiple tax residency) and report specific information relating to these accounts directly to the CRA each year. This information can include account

balances and certain amounts paid or credited to the account, including interest, dividends, and proceeds from the sale of financial assets.

Moreover, a Canadian FI can take the form of a partnership.

The CRA released updated CRS guidance on December 19, 2025. In addition to the partnership-related guidance that has now been changed, this guidance:

- Discusses requirements for investment funds that rely on documentation collected by fund managers acting as their agent.
- Clarifies the obligations for investment funds and investment fund dealers when dealing with nominee name and client name accounts.
- Reconfirms the circumstances for when a fund is relieved of the due diligence obligations for client name accounts.
- Provides additional guidance regarding the circumstances in which an account may be classified and reported as an “undocumented account”.
- States that a trust will generally be considered as resident in Canada for CRS purposes if the majority of its trustees are resident in Canada.

For details, see *TaxNewsFlash-Canada* 2026-05, “[FIs — Review Updated CRS Guidance](#)”.

Partnerships as financial institutions

The CRA has now revised its CRS guidance to provide that a partnership will be considered a Canadian resident for CRS purposes where the place of effective management of the partnership's business is situated in Canada. With this change, the CRA has reverted its position to the same wording it used before the 2025 updated guidance, but notes that this position only applies for the current reporting period. The CRA states that it is reviewing the CRS obligations for partnerships and that it may provide further changes at a later date.

Previous to this reversion the CRA indicated that a partnership will be considered a Canadian-resident partnership for CRS purposes where any of the following criteria are met:

- All the partners, including all end members, are resident in Canada
- The place of effective management and control of a partnership's business is situated in Canada, or

- The partnership was formed under the laws of a province or territory.

KPMG observations

The CRA has stated that it may adjust its position on the CRS obligations for partnerships in the future. Presumably, this could include re-introducing its earlier position from the 2025 announcement, with more clarity on the effective date and an appropriate transitional period. In addition, we note that this new position is merely one of several conditions that must be met before an entity has full CRS obligations.

As a result, affected FIs should analyze the full CRS requirements and ensure that the analysis is documented and retained as part of its policies and procedures. Proper documentation and analysis can help businesses react quickly to any upcoming changes. In addition, the CRA has stated that, on audit, they will request a copy of an FI's written policies and procedures implementing the CRS.

We can help

Canadian FIs should ensure that their due diligence and reporting procedures comply with the CRS and FATCA rules. Please reach out to your local KPMG tax advisor for additional assistance.

kpmg.com/ca



[Contact Us](#) | [KPMG in Canada Privacy Policy](#) | [Legal](#)

Information is current to April 13, 2026. The information contained in this *TaxNewsFlash-Canada* is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.