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Similar to IRAs

Americans and Canadians with registered retirement savings plans (RRSPs) and registered retirement income funds (RRIFs) now automatically qualify for tax deferral similar to that available to participants in U.S. individual retirement accounts (IRAs) and

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The [Internal Revenue Service](#) has modified rules to allow taxpayers with interests in two Canadian retirement plans to get more favorable U.S. tax treatment and has taken additional steps to simplify procedures for U.S. taxpayers with these plans.

As part of this, the IRS provided retroactive relief to eligible taxpayers who failed to properly choose this benefit in the past. In addition, the IRS is eliminating a special annual reporting requirement that has long applied to taxpayers with these retirement plans.

Under this change, many Americans and Canadians with registered retirement savings plans (RRSPs) and registered retirement income funds (RRIFs) now automatically qualify for tax deferral similar to that available to participants in U.S. individual retirement accounts (IRAs) and 401(k) plans. In general, U.S. citizens and resident aliens qualify for this special treatment as long as they filed and continue to file U.S. returns for any year they held an interest in an RRSP or RRIF and include any distributions as income on their U.S. returns.

The change relates to a longstanding provision in the [U.S.-Canada](#) tax treaty that enables U.S. citizens and resident aliens to defer tax on income accruing in their RRSP or RRIF until it is distributed. Otherwise, U.S. tax is due each year on this income, even if it is not distributed.

In the past, however, taxpayers generally would get tax deferral by attaching [Form](#)

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eliminating Form 8891, and taxpayers are no longer required to file this form for any year, past or present.

The revenue procedure does not modify any other U.S. reporting requirements that may apply under the Bank Secrecy Act (BSA) and section 6038D. See [FinCEN Form 114](#) due by June 30 of each year, and [Form 8938](#) attached to a U.S. income tax return for more information about the reporting requirements under the BSA and section 6038D. Different reporting thresholds and special rules apply to each of these forms.

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