

Publisher's Note

2018 — Release 1

Previous release was 2017-1

From Your Library:

David Kerzner, Vitaly Timokhov, David Chodikoff The Tax Advisor's Guide to the Canada-U.S. Tax Treaty

Dear Valued Subscriber,

This update alerts tax advisors to significant U.S. tax law changes under the Tax Cuts and Jobs Act 2017 passed by Congress and signed in to law at the end of last year [TCJA]. Consistent with the theme of this service, we have highlighted important domestic and international provisions of the new law primarily in the Introduction section of Articles dealing with VI-Real Property, VII-Business Profits, IX-Related Parties, X-Dividends, XI-Interest, XII-Royalties, and XIII-Capital Gains. We are working on others, notably XXIV (Elimination of Double Taxation) for our next update. Similarly advisors guiding outbound investors from the U.S. need to pair any treaty discussions with relevant domestic tax reforms. Of note are sweeping changes in the cross border taxation of real property and the taxation of intangible income. Tax advisors operating in both directions need to consider creating some strategy involving suitable financial modeling to address their client's circumstances.

Sincerely,

David Kerzner, Editor In Chief

Highlights

Subjects covered by this update include in the following chapters:

- **Introduction** — impact of TCJA on future advice relating to the treaty.

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- **Chapter 6: Article VI — Real Property** — taxation of gains on sale of interests in partnerships; *Grecian Magnesite Mining, Industrial Shipping Co.*, (2017), 149 TC No 3; changes to Code Section 864, 1446; Deduction for Qualified Business Income; Opportunity Zones.
- **Chapter 7: Article VII — Business Profits** — New Choice of Entity considerations; Participation Exemption System; Transition Tax; Global Intangible Low Taxed Income; Foreign Derived Intangible Income; Base Erosion Anti-Abuse Tax.
- **Chapter 9: Article IX — Related Persons** — Transfer of Intangibles and New Definitions.
- **Chapter 10: Article X — Dividends** — Participation Exemption System; Transition Tax; Global Intangible Low Taxed Income; Foreign Derived Intangible Income; Base Erosion Anti-Abuse Tax; Choice of Entity.
- **Chapter 11: Article XI — Interest** — Limitation on Deduction For Interest.
- **Chapter 12: Article XII — Royalties** — Transfer of Intangibles and New Definitions; Global Intangible Low Taxed Income; Foreign Derived Intangible Income; Base Erosion Anti-Abuse Tax.
- **Chapter 13: Article XIII — Gains** — Taxation of Sale or Exchange of Partnership Interest; *Grecian Magnesite Mining, Industrial Shipping Co.*, (2017), 149 TC No 3; Deduction for Qualified Business Income.