## Index

[Current to Release 2024-2]

### Abbreviations, xix to xx

# Accelerated cost recovery system (ACRS), see also Depreciation

- generally, VII-402 to VII-406
- percentage tables, VII-416 to VII-419

## Accounting method

- application for, VIII-161
- general, II-2 and II-3, VII-605

Accumulated Earnings Tax (AET), 6-23, II-19 to II-21, VII-515 and VII-516

Acquisition of assets, 6-35 and 6-36

Advance Price Agreements (APA), 6-19

### Allocation of expenses

- interest; see Interest expense allocations
- research and development (R&E), 5-4

Alternate structures, comparison of, 7-1 to 7-9

# Alternative Minimum Tax (AMT)

- form, VIII-223
- generally, 6-21, II-22 and II-23

Alternative minimum taxable income (AMTI), II-22 and II-23

Amortization, l-5 and I-6, ll-12 and ll-12A, VIII-201

Assets test, 3-14 and 3-14A

# At-risk rules

- generally, 9-10 and 9-11, VII-701 to VII-728
- index, VII-727 to VII-728
- recapture rule, VII-723

Back-to-back loans, 8-13 and 8-14

Bad debts, I-8, II-15

### Base erosion and Profit Shifting (BEPS), 2-8A

Below-market loans, 8-19 and 8-20, VII-511

Beneficial owner, VII-315 to VII-317

Best method rules, 6-10 to 6-14

#### Book

- how to use, 1-5
- limitations, 1-7 and 1-8
- objectives, 1-4
- preface, iii and iv
- structure, 1-4 and 1-5

Branch book/dollar pool method, II-26 and II-27

Branch interest deductibility, II-24 and II-24A

Branch interest tax, 5-3, 9-4 and 9-5, II-25 to II-30

### **Branch** operation

- Canadian taxation
  - • federal, 5-16 to 5-20
  - • provincial, 5-20
- Canadian/U.S. measures contrasted, 5-16 to 5-19
- incorporation, 5-20A to 5-24, II-32A and II-33
- liquidation, 5-24, II-32A and II-33
- reporting requirements, V-5 and V-6
- taxation generally, 5-24 to 5-26, 7-2, II-23 and II-24
- termination, 5-24, II-32A and II-33
- U.S. taxation (federal)
  - • compliance, 5-8 to 5-14
  - • distribution to owners, 5-8
  - • generally, II-24 to II-33
  - • tax, calculation of, 5-7 and 5-8
  - • taxable income, calculation of
    - • branch as result of fixed income, 5-3 and 5-4
    - • branch as result of individual, 5-6 and 5-7
    - • generally, 5-2 and 5-3
    - • interest expense allocations, see Interest expense allocations
    - • interest expense deductions, 5-6
    - • R&E expenditure allocations, 5-4, II-23 and II-24

• U.S. taxation (state), 5-14 and 5-15

Branch Profits Tax (BPT), 5-7 and 5-8, 7-2, 8-16, 9-4 and 9-5, II-30 to II-32A

Business expenses, VII-609 to VII-611

## **Business income**

- Canadian taxation
  - • generally, 3-7 and 3-8, I-3
  - • permanent establishment, where no, 4-8 to 4-10
- U.S. taxation
  - • fundamental concepts, 3-8 to 3-20
  - • generally, 3-7
  - • permanent establishment, where no, 4-2 to 4-8, 4-9 and 4-10, 7-1 and 7-2
  - • summary, 3-23

Business taxes, VII-605 to VII-608

### Calendars; see Tax calendars

## Canadian tax system

- basic structure, 2-8B and 2-9
- federal
  - • deductions, I-3 to I-9
  - • foreign affiliates; see Foreign affiliates
  - • provincial abatement, I-10 and I-11
  - • tax credits, I-13 to I-16
  - • taxable income, calculation of, I-2 and I-3
- provincial
  - • allocation among provinces, I-21
  - • jurisdiction to tax, I-20
  - • rate of tax, I-22
  - • taxable income, calculation of, I-22
- tax rates, I-9 and I-10, I-22 and I-23
  - • comparison with U.S., I-12

# Canadian-Controlled Private Corporation (CCPC), 2-3

Canadian-owned U.S. operations, III-1 to III-3

Capital cost allowance (CCA), I-4 to I-5

Capital gains

- 50-4
- Canadian taxation, 3-6 and 3-7, I-2 and I-3
- treaty provisions, VI-88 to VI-106
- U.S. taxation, 3-5 and 3-6, II-5
- withholding tax, VII-347

#### Certificates

- W-8BEN, VIII-15 to VIII-20.2.2
- W-8ECI, VIII-20.3 to VIII-20.8.2
- W-8IMY, VIII-20.9 to VIII-20.40

#### Charitable contributions

- Canadian tax system, I-8
- corporations, VII-512 and VII-513
- treaty provisions, VI-150 to VI-156, VI-301
- U.S. taxation, II-15 and II-16

# Comparable profits method (CPM), 6-11 to 6-16

# Comparable uncontrolled price method (CUP), 6-11 to 6-16

## Comparable uncontrolled transaction method (CUT), 6-17 to 6-18A

# Compliance; see also Returns required

- partnership, 9-12
- permanent establishment
  - • Internal Revenue Service
    - • basic, 5-8 and 5-9
    - • estimated, 5-9
    - • extensions, 5-9 and 5-10
    - • treaty-based, 5-10 to 5-13
  - • U.S. Department of Commerce, 5-14
- permanent establishment, where no
  - • protective, 4-4 to 4-6
  - • treaty based, 4-3 and 4-4
- subsidiary, U.S.
  - • Internal Revenue Service, 6-26 to 6-26.3
  - • U.S. Department of Commerce, 6-26.3

### Consolidation of tax returns

- affiliation schedule (form), VIII-21 to VIII-24
- consent of subsidiary (form), VIII-141
- country code listing, modernized efile (MeF), VIII-449 to VIII-451

- not permitted in Canada, I-9
- U.S. rules, 6-20 and 6-21, II-18

### Controlled foreign affiliate (CFA), 6-28 to 6-30, I-16 to I-21

### Convention; see also Treaty

- artists and athletes, VI-111 to VI-114
- assistance in collection, VI-204 to VI-210
- business profits, VI-43 to VI-51
- capital, VI-159 to VI-161
- charitable organizations, VI-150 to VI-156
- country code listing, modernized efile (MeF), VIII-449 to VIII-451
- definitions, VI-18 to VI-24
- diplomatic agents and consular officials, VI-220
- dividends, VI-59 to VI-72
- double taxation, elimination of, VI-15, VI-16, VI-161 to VI-184
- entry in force, VI-278 to VI-282
- exchange of information, VI-210 to VI-219
- gains, VI-88 to VI-106
- government services, VI-146 and VI-147
- income from employment, VI-106 to VI-111
- interest, VI-72 to VI-78
- limitations on benefits, VI-230 to VI-258
- miscellaneous rules, VI-220 to VI-230
- mutual agreement procedure, VI-192 to VI-204
- non-discrimination, VI-184 to VI-192
- other income, VI-157 to VI-159
- pensions and annuities, VI-115 to VI-146, VI-300
- permanent establishment, VI-31 to VI-41
- real property, income from, VI-41 and VI-42
- related persons, VI-55 to VI-59
- residence, VI-24 to VI-31
- royalties, VI-78 to VI-88
- students, VI-147 to VI-149
- taxes covered, VI-14 to VI-18
- taxes imposed on death, VI-258 to VI-278
- termination, VI-283 to VI-286
- transportation, VI-51 to VI-55

## Corporate alternative minimum tax (CAMT), VII-515

#### Corporations; see also Subsidiary, U.S.

- accounting methods, VII-508
- accounting periods, VII-508
- accumulated earnings tax, VII-515 and VII-516
- alternative minimum tax; see Alternative minimum tax (AMT)
- at-risk limits, VII-514
- base erosion minimum tax, VII-515
- below-market loan, 8-19, VII-511
- businesses taxed as, VII-502 and VII-503
- capital contributions, VII-504 and VII-505
- capital losses, VII-513 and VII-514
- charitable contributions, VII-512 and VII-513
- corporate alternative minimum tax (CAMT), VII-515
- corporate preference items, VII-510
- credits, VII-515
- deductions for dividends received, II-17, VII-510 and VII-511
- dissolution/liquidation (form), VIII-41 and VIII-42
- distributions, non-dividend (form), VIII-241 and VIII-242
- distributions to owners, 6-23 and 6-24
- distributions to shareholders, VII-516 to VII-519
- dividends-received deduction, VII-510
- estimated tax, VII-506 and VII-507
- extension of time to file, application for, VIII-261
- extraordinary dividends, VII-511
- filing and paying income taxes, VII-505 to VII-508
- filing requirements, 6-26 to 6-26.3
- forms, VII-523 to VII-526
- going into business costs, VII-509
- incorporation, 5-20A to 5-24
- index, VII-527
- installment payments, II-23 and II-24, VII-506 and VII-507
- net operating losses, VII-514
- passive activity loss rules, 6-22, VII-515
- penalties, VII-506
- property exchanged for stock, VII-503 to VII-504
- recapture taxes, VII-515
- recordkeeping, VII-509
- related persons, VII-509 and VII-510
- shareholders, distributions to, VII-516 to VII-519
- special provisions, VII-509 to VII-515

- stock investment in, 8-3 to 8-5
- tax, calculation of, 6-21, II-3 and II-4, VII-515
- U.S. real property interests, VII-507

Cost-plus method (CP), 6-11 and 6-12

Cost-sharing agreements, 6-18A and 6-18B

Debt/equity ratio, 8-8

## Depreciation

- accelerated cost recovery system (ACRS); see Accelerated cost recovery system (ACRS)
- amortization, and, VIII-201
- business expenses, VII-609 to VII-611
- Canadian tax system, I-4 to I-5
- declining balance method, VII-408
- defined, VII-402
- general information, VII-733 to VII-744
- generally, II-10 to II-12
- glossary, VII-837 to VII-838
- income forecast method, VII-408
- index, VII-421, VII-839 to VII-840
- listed property, VII-409 to VII-413, VII-780 to VII-793
- methods, other, VII-407 to VII-409
- modified accelerated cost recovery system (MACRS); see Modified accelerated cost recovery system (MACRS)
- section 179 deduction, VII-745 to VII-752
- special depreciation allowance, VII-753 to VII-756
- straight line method, VII-408
- table of class lives and recovery periods, VII-826 to VII-836
- what can be, VII-402 and VII-403
- what cannot be, VII-402 and VII-403

## Disclosure statement, VIII-301

### Disqualified interest, II-11

### Distribution to owners

- permanent establishment, 5-8
- subsidiary, U.S., 6-23 and 6-24, 8-3 to 8-5, 8-16 to 8-19

Distribution to shareholders, VII-516 to VII-519

### Distributorships, 3-19

Dividend Equivalent Amount (DEA), 5-7 and 5-8, II-30, II-32

#### **Dividends**

- Canadian taxation, I-9
- corporations, VII-510 and VII-511
- distributions from exempt surplus, 8-17
  - • hybrid surplus, 8-17
- treaty provisions, VI-59 to VI-72
- U.S. tax system, generally, 8-16
- withholding tax, VII-344 to VII-347

## Domestic production activities, II-9

### Double taxation

- generally, 2-6 to 2-8, 3-4, 5-19, 5-22 to 5-24, 5-26, 6-26
- treaty provisions, VI-15, VI-16, VI-161 to VI-184

Due diligence review, 6-35

Earnings and Profits (E&P), 6-24 to 6-26, II-31 and II-32

Earnings stripping provisions, 5-6, 8-12 and 8-13, 9-7, II-13 to II-14.1

E-Commerce, 3-19, 3-22, 4-10

Effectively connected, 3-20 to 3-22

### **Elections**

- election to defer start-up expenditures, IV-8
- net basis election; see Net basis election
- water's edge election, II-37

Employer identification number (EIN), 5-8, VII-604, VIII-5 to VIII-12

Employer's tax calendar, VII-205 to VII-208

Entity Classification Election, VIII-493 and VIII-494

#### Estimated tax

• withholding payments and, VII-119 to VII-142

Estimated tax payments; see Installment payments

**Excess branch interest tax**, 5-2, 5-5, 5-11, 8-13, 9-4 and 9-5, II-14, II-27 and II-28

Excise tax calendar, VII-208 to VII-211

### FDAP income

- defined, 3-2
- generally, II-4 and II-5, VII-325
- rental property, 9-2
- withholding tax, VII-337 to VII-338

Federal tax deposit coupon, VIII-282

Filing requirements; see Compliance, Returns required

Financing U.S. business, 8-1 to 8-21

Fixed or Determinable, annual or periodical (FDAP); see FDAP income

Force of Attraction Doctrine, 3-21, 5-10

Foreign accrual property income (FAPI), 6-29, 8-18, I-17 to I-20

Foreign affiliate (FA), 6-28, 8-19, I-16 to I-20

• reporting for, I-20 and I-21

Foreign affiliate dumping (FA dumping), 8-19 and 8-20

## Foreign entities

• withholding tax, VII-301 to VII-387

Foreign related party, V-2

# Foreign tax credit (FTC)

- generally, 2-9, I-13 to I-16
- income from U.S. business activities on, 4-8A
- provincial, 4-8A to 4-9

# Forms

- 851, VIII-21 to VIII-24
- 926, VIII-31 to VIII-32.1
- 966, VIII-41 and VIII-42
- 1042, VIII-51 to VIII-64
- 1042-S, VIII-65 to VIII-90.14.5
- 1042-T, VIII-90.15 and VIII-90.16

- 1065, VIII-91 to VIII-140.8.15
- 1120, 1120-1 to 1120-34.4
- 1120-F, IV-7, IV-9, 1120F-1 to 1120F-46
- 1120-W, VIII-140.9 to VIII-140.15
- 1122, VIII-141
- 3115, VIII-161 to VIII-200.2
- 4562, VII-745, VIII-201 to VIII-222.1
- 4626, VIII-223 to VIII-238.4
- 5452, VIII-239 to VIII-242
- 5472, 5472-1 to 5472-11
- 7004, VIII-261 to VIII-266
- 8109-B, VIII-281 to VIII-283
- 8275, VIII-301 to VIII-306
- 8275-R, VIII-321 to VIII-326
- 8288, VIII-341 to VIII-352.6
- 8288-A, VIII-353 to VIII-357
- 8288-B, VIII-363 to VIII-366
- 8736, VIII-401 and VIII-402
- 8800, VIII-421 and VIII-422
- 8804, VIII-441 to VIII-448.4
- 8805, VIII-461 to VIII-464
- 8810, VIII-481 to VIII-492.3
- 8832, VIII-493 to VIII-500
- 8833, IV-3 to IV-6, IV-6A, IV-6D, 8833-1 to 8833-5
- BE-13, VIII-501 to VIII-507
- BE-13, Supp. C., VIII-511 and VIII-512
- BE-15, VIII-541 to VIII-544
- SS-4, VIII-5 to VIII-12
- TD F 90-22.1, VIII-4.1
- W-8BEN, 3-3, VIII-15 to VIII-20.2.2
- W-8ECI, 3-3, VIII-20.3 to VIII-20.8.2
- W-8IMY, 3-3 and 3-4, VIII-20.9 to VIII-20.40

Gross income, I-2 and I-3, II-3 to II-7

Home country, 2-7 and 2-8

Host country, 2-7 and 2-8

Incorporation, 5-20A to 5-24; see also Corporations

Independent Factory Price (IFP), 3-11

#### **Indices**

- corporations, VII-527
- passive activity and at-risk rules, VII-719 to VII-723
- starting a business, VII-628
- withholding taxes, VII-385 to VII-387

## Information returns, VII-608

## Installment payments, 5-9, II-23 and II-24

## Intercompany transactions; see also Transfer pricing

- cost-sharing agreements, 6-18 and 6-18A
- intercompany
  - • receivables/ payables, 6-8 to 6-11
  - • sales (intangibles), 6-16 to 6-18A
  - • sales (tangible property), 6-11 to 6-16
  - • services, 6-6 to 6-8
- minimizing disputes, 6-16, 6-18
- primary concerns, 6-3 and 6-4
- principles, general, 6-4 and 6-5

### **Interest**

- Canadian taxation, I-6
- deductibility, 5-6, 8-5 to 8-16, II-25 to II-30
- disqualified, II-13
- excess, 5-5, 5-11, 8-13, 9-4 and 9-5, II-14, II-25 to II-30
- treaty provisions, VI-72 to VI-78
- U.S. taxation, II-12B to II-15
- withholding tax requirements, VII-339 to VII-340, VII-342, VII-343

### Interest expense allocations

- examples, II-28 to II-30
- generally, 5-4 to 5-6
- regulations, II-25 to II-30

#### Interest offsets, 8-12

# Inventory valuations, I-4, II-8 and II-9

#### **Investment income**

- Canadian taxation, 3-4 and 3-5, I-2
- U.S. taxation, 3-2 to 3-4, II-4 and II-5

### Investment tax credit (ITC), I-13, II-24.1

### **IRS** publications

• list of, for businesses, VII-841

Joint ventures, 7-6 and 7-7

### Jurisdiction to tax

- Canada
  - • generally, 2-6
  - • provincial, I-22 and I-23
- U.S.
  - • generally, II-34 and II-35
  - • state, II-33 to II-35

## Limited Liability Company (LLC), 7-7, 9-10, VII-603

### Liquidation

- branch operation, 5-24, II-32 to II-33
- business activities of, 4-10
- corporation by, VIII-41 and VIII-42
- U.S. subsidiary, 6-30 to 6-32

#### Loans

- back-to-back, 8-13 and 8-14
- below-market rates, 8-19 and 8-20, VII-511
- guarantees, 8-14
- subsidiary to
  - • characterization of financing, 8-5 to 8-8
  - • IRS review, 8-5 to 8-8
  - • rate of interest charged, 8-8 and 8-9
  - • restrictions on interest deductibility, 8-9 to 8-12
- subsidiary, from, 8-18 and 8-19

Losses, I-7 and I-8, II-14.2 and II-15, VII-513 to VII-514

M&P Deduction, I-11 and I-12

M&P income, I-23

Management fees, 6-6 to 6-8

Meals/entertainment, I-4, II-10

### Modified accelerated cost recovery system (MACRS)

- generally, VII-756 to VII-780
- percentage table guide, VII-798 to VII-825
- tables, VII-798 to VII-825

### Net basis election

- advantages, 3-5
- generally, 3-5, 9-3 to 9-6, 9-10
- protective election, 9-6
- sample form, IV-9

## Net transfer pricing adjustment, 6-18 and 6-18A

#### Non-residents

withholding tax, VII-301 to VII-387

### **Partnership**

- compliance, 9-12 and 9-13
- forms, VIII-91, VIII-401, VIII-421, VIII-441, VIII-461
- generally, 7-6A and 7-7
- partnership, VII-603
- permanent establishment, 3-14
- taxation, generally, 9-10 and 9-11
- withholding tax requirements, 9-11 and 9-12, VII-307, VII-323, VII-365 to VII-368

# Passive activity rules

- corporations, loss rules, VII-515
- forms, VIII-481
- generally, 9-6 to 9-10, VII-515, VII-701 to VII-728
- index, VII-727 to VII-728
- suspended passive losses, 9-3, 9-7 to 9-9

## Passive loss restrictions, 9-9 and 9-10

## Payee's identification number (PIN), VII-604

### **Penalties**

- avoidance, 5-12, 6-18 and 6-19
- bank deposit procedures, 6-26 to 6-26.3
- corporations, VII-505
- generally, VII-609
- non-filing, 5-12 and 5-13

- record keeping requirements, 5-13, 6-26 to 6-26.3, V-8
- substantial understatement of tax, 5-11 to 5-13, 8-13
- substantial valuation misstatement, 6-18B to 6-19

#### Permanent establishment

- accessing cash from, 8-16
- exclusions, 3-14A
- financing, 8-2
- income, 3-21
  - • OECD Report on the Attribution of Profits to Permanent Establishments, 3-21
- provincial abatement purposes, for, I-10 to I-12
- taxation of, see Branch operation
- taxation where no, 4-1 to 4-11, 7-1 and 7-2
  - • state nexus, 4-7
- treaty provisions, VI-31 to VI-41
- U.S. law, 3-13 to 3-20

Personal holding company (PHC), 6-22 to 6-23, 9-9, II-20 and II-21

Profit level indicator (PLI), 6-13

Profit split method, 6-17

#### **Property**

• depreciation, VII-731 to VII-841

### **Protective statements**

- generally, 4-4 to 4-6, 9-7
- net basis election, 9-7
- sample form, IV-7

Provincial abatement, I-10 and I-11

Publications; see IRS publications

Qualified production activities, II-9

#### **R&E** expenditures

- Canadian taxation, I-8
- U.S. taxation
  - • allocations to U.S. branch, 5-4, II-24 and II-25
  - • categories, 5-4
  - • generally, II-15 and II-16

- • investment tax credit, II-24
- • tax credit, II-24

# Real property investment in U.S.

- direct ownership
  - • no trade or business, 9-2 to 9-6
  - • trade or business, 9-6 and 9-7
- disposition, 9-13 to 9-15
- forms, VIII-341, VIII-353
- overview, 9-1
- partnership, held through, 9-10 to 9-13
- passive loss restrictions, 9-9 and 9-10
- rate of taxation, 9-2
- subsidiary through, 9-7 to 9-10
- summary, 9-15
- unimproved land, 9-5 and 9-6

**Recordkeeping**, 5-12 and 5-13, 6-26 to 6-26.3, V-1 to V-9, VII-611 to VII-623

Repairs and maintenance, I-8 and I-9, II-16

Reportable transactions, V-3 to V-5

Reporting corporation, V-2

Resale price method (RPM), 6-9 and 6-10

Research and development; see R&E expenditures

Research and experimental development credit, I-13

## Returns required; see also Compliance

- generally, II-6
- information returns, VII- 608 and VII-609
- withholding taxes, VII-362 to VII-365, VIII-51 and VIII-52, VIII-341, VIII-441 and VIII-442, 1120F-1 to 1120F-8, 8833-1 to 8833-5

#### **Royalties**

- treaty withholding tax rates, 3-3
  - • examples, 3-3
  - • exemptions, 3-3
- withholding taxes, VII-347

S Corporation, 2-3, VII-603

Safe harbour, 6-9, V-6A and V-7

Salaries/wages, I-4, II-9

### Samples,

- net basis election, IV-9
- protective filing statement, IV-7
- record system, VII-616 to VII-623
- treaty-based return position disclosure, IV-1 to IV-6

Self-employment tax, VII-606 and VII-607

### Service providers, 3-17

• permanent establishment, 3-18

Small Business Corporation (SBC), I-3, I-7 and I-8

Small Business Deduction (SBD), I-12 and I-13

Sole proprietorship, VII-603

Source deductions, see Withholding tax

Source income, U.S., 3-10A to 3-12A

Starting a business, VII-601 to VII-628

Stock investment, 8-3 to 8-5

Strategic planning, 1-2 and 1-3

## Subsidiary, U.S.

- accessing cash from, 8-16 to 8-20
- Canadian taxation, 6-28 to 6-29
- distribution of capital/earnings, 8-17 and 8-18
- dividends, 8-17
- financing, 8-3 to 8-16
- intercompany transactions; see Intercompany transactions
- liquidation, 6-30 to 6-32
- loans from, 8-18 and 8-19
- loans to, 8-5 to 8-14
- real property, holding, 9-7 to 9-10
- restructuring, 6-29 and 6-30
- stock investment in, 8-3 to 8-5
- taxation, generally, 6-33 to 6-36, 7-3 to 7-6A

- U.S. taxation (federal)
  - • advance price agreement, 6-19 and 6-20
  - • compliance, 6-26 to 6-26.3
  - • consolidation of tax returns; see Consolidation of tax returns
  - • distribution to owners, 6-23 and 6-24
  - • tax, calculation of, 6-21 to 6-23
  - • taxable income, calculation of, 6-2 to 6-26.3
- U.S. taxation (state), 6-27 and 6-28

#### Tax calendars

- employer's tax calendar, VII-205 to VII-208
- excise tax calendar, VII-208 to VII-211
- generally, VII-201 to VII-214
- generally tax calendar, VII-203 to VII-205

#### Tax credits

- foreign tax credit, I-13 to I-16
- investment tax credit, I-13, II-23
- research and experimental credit, I-13, II-23

### Tax planning

- aggressive, 2-8 and 2-8A
- BEPS, 2-8A
- corporations, 2-8A, 7-9

#### Tax rates

- Canadian, I-9 to I-13
- generally, III-1 to III-3, VII-515
- U.S., 1-9, 2-8 and 2-8A, II-18 and II-19, II-38 and II-39, VII-129, VII-515

## Tax returns, consolidation, see Consolidation of tax returns

### Tax systems

- Canadian; see Canadian tax system
- fundamental objectives, 2-2 to 2-6
- U.S.; see U.S. tax system

## Tax year, VII-605

#### **Taxes**

- business, VII-605 to VII-608
- controllable cost, as, 1-3
- deduction, I-6A and I-7, II-14.1

### Taxpayer identification number (TIN), 4-3, 5-8, 6-26

• withholding agent, VII-359 to VII-361

# Timely filed, 4-6

Trade or business, 3-9 to 3-10A

## Transfer pricing; see also Intercompany transactions

- enforcement of provisions, 6-18B and 6-19
- net transfer pricing adjustment, 6-18 and 6-18A

### Treaty; see also Convention

- modifications to gross income, II-6 and II-7
- treaty-based compliance
  - • no permanent establishment, 4-3 and 4-4
  - • sample, IV-3 to IV-6
- when claiming benefit of, II-6 and II-7
- withholding taxes, VII-349 to VII-350, VII-380

## U.S.-Canada tax treaty; see Convention, Treaty

## U.S. Real Property Holding Corporation (USRPHC), 9-13 to 9-15

## U.S. Real Property Interest (USRPI), 9-13 to 9-15

withholding taxes, VII-373 to VII-379

#### U.S. subsidiary; see Subsidiary, U.S.

### U.S. tax system

- basic structure, 2-10
- estimated tax payments; see Installment payments
- federal
  - • capitalization of costs, II-17 and II-18
  - • deductions, II-7 and II-18
  - • special taxes, II-19 to II-22
  - • tax credits, II-23
  - • tax rates, II-19
  - • taxable income, calculation of, II-3 to II-7
  - • treaty modifications, II-6 and II-7
- note to reader, II-1
- overview, II-1 and II-2
- state
  - • allocation among states, II-36 to II-38

- • jurisdiction to tax, II-34 and II-35
- • non-tax considerations, II-38 and II-39
- • rate of tax, II-38
- • state nexus, 4-7
- • taxable income, calculation of, II-35 and II-36
- tax rates
  - • Canadian-owned U.S. operations, III-1 to III-3
  - • generally, II-18 and II-19, II-38 and II-39, VII-515

U.S. source income, 3-10A to 3-12A

Uniform Capitalization Rules (UCR), II-8

Unitary taxation, 2-10, 6-27, II-37

Water's edge election, II-38

Withholding agent, VII-304 to VII-305

Withholding certificates, VII-328 to VII-331

### Withholding of tax on nonresidents; see Withholding tax

### Withholding tax

- back-to-back loans, 8-13 and 8-14
- beneficial owner, VII-315 to VII-317
- Canadian, 8-16
- capital gains, VII-347
- certificates, see Certificates
- "conduit" rules, 8-14 to 8-16
- consent dividend, II-21
- cost-sharing payments, 6-18A
- depositing withheld tax, VII-370
- distributions on stock, 8-3
- dividends, 6-26, 8-4 and 8-5, 8-14 to 8-17, II-21, VII-344 to VII-347
- documentation, VII-313 to VII-334
- estimated tax and, VII-101 to VII-144
- exemptions/reductions, II-5
- FDAP income, VII-337 to VII-338
- foreign government and organizations, VII-313, VII-358 to VII-359
- forms, VIII-51, VIII-65, VIII-341, VIII-353, VIII-441, VIII-461
- generally, II-5, VII-301 to VII-387
- income subject to, II-5, VII-335 to VII-338

- index, VII-385 to VII-387
- intercompany receivables/payables, 6-8 to 6-11
- interest, 8-7, 8-13, 8-14 to 8-16, II-5, VII-339 to VII-340, VII-342, VII-343
- lease/licence arrangement, 6-24
- liquidations, 6-32 and 6-33
- loan at below-market rates, 8-19
- long-term investments, 8-20
- management fees, 6-8
- partnerships (forms), VIII-401, VIII-441, VIII-461
- partnerships, on, 9-11 and 9-12, VII-307, VII-323, VII-365 to VII-368
- persons subject to, VII-306 to VII-312
- refund of, 6-26, 8-3
- rentals received by partnerships, 9-10 and 9-11
- rents, 9-2 and 9-3, 9-9
- repatriations, 6-23, 8-18 and 8-19, 8-20
- returns required, VII-362 to VII-365
- royalties, VII-347
- specific income, VII-338 to VII-358
- tax treaties, VII-349 to VII-350, VII-380
- timing of, 6-36
- treaty modifications, II-6 and II-7
- U.S. real property interests, VII-349 to VII-351
- USRPI, 9-13 and 9-14, VII-373 to VII-379
- withholding agent, VII-304 to VII-305
- withholding certificates, 9-13 and 9-14, VII-328 to VII-331