

CROSS-BORDER TAX SOLUTIONS



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Canada is the United States' leading trade partner, and in recent years the economies of these two countries have become increasingly integrated. Both countries have complex business environments where trade amongst them is regulated by a combination of U.S. and Canadian tax laws, NAFTA and the U.S. Canada Tax Treaty.

The Tax Treaty between the two countries has a broad impact on individuals and corporations engaged in cross-border commercial activity. The fifth protocol of the tax treaty introduced significant changes to many areas of cross-border tax, including:

- Withholding tax rates
- Taxation of employee stock options
- Residency for tax purposes
- Taxation of different legal entities such as LLC's and hybrid entities

Recent years have also seen major developments in areas other than taxation. The U.S. dollar has fluctuated in value against the Canadian currency, and many businesses and investors have incurred losses due to lack of hedging themselves against these currency fluctuations.

In short, a proper understanding of the business and regulatory environments on both sides of the border is key to the success of entities conducting cross-border business between the U.S. and Canada.

To assist our clients in this area, UHY International has assembled the Canada U.S. Tax Team (CUTT). CUTT is a group of experienced U.S. and Canadian tax professionals, who work closely with one another to guide business in their cross-border ventures.

CUTT CAN HELP WITH THE FOLLOWING "HOT" CROSS-BORDER ISSUES

SELLING TO A RELATED CROSS-BORDER ENTITY

Recent rulings have put many established transfer pricing policies into question.

TRANSFERRING EMPLOYEES ACROSS THE BORDER

Employee transfers and payroll reporting requirements.

PRESENCE IN THE OTHER COUNTRY

Cross border corporate structures with an integrated perspective.

SALE OF REAL ESTATE

Tax requirements and planning relating to the sale of real estate.

OWNERSHIP OF A CANADIAN UNLIMITED LIABILITY CORPORATION

The withholding rate on dividends paid from Canada may increase from 5% to 25%.

WITHHOLDINGS

Withholding regulations concerning payment for cross-border services.



CROSS BORDER TAX SERVICES

CORPORATE

- Structuring of cross-border business expansion with consideration of:
 - Integrated tax minimization.
 - Utilization of possible losses.
 - Repatriation of profits.
- Compliance with Federal, State & Provincial tax laws
- Payroll administration and year-end reporting requirements
- Analysis of available corporate tax incentives and government assistance
- Establish an effective transfer pricing policy and prepare appropriate documentation
- Sale of a cross-border business
- Cross-border real estate ventures
- Developing local business & banking contacts

PERSONAL

- Preparation of personal income tax returns
- Analysis of the tax ramifications of a cross-border move
- Structuring cross-border real estate holdings

ESTATES & TRUSTS

- Cross-border Trust and Estate planning and administration
- Tax planning to minimize exposure to U.S. Estate Taxes