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CANADIAN AND U.S. TAX ADVISORY & PLANNING **CROSS BORDER SOLUTIONS**

OCTOBER 2019



FIRM PROFILE

Engineers, tax specialists, accountants, financing experts, business advisors and more: the experts that make up our team are dedicated to helping small and medium-sized companies in Quebec and throughout the world—promoting their ideas, driving their businesses forward and daring to accomplish more.

Supporting you is our obsession. Demers Beaulne is more than a consulting and accounting firm; it is a business environment where entrepreneurs and experts share ideas and bring those ideas to life.



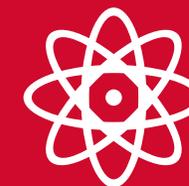
180 talents



40 years



4 main expertises



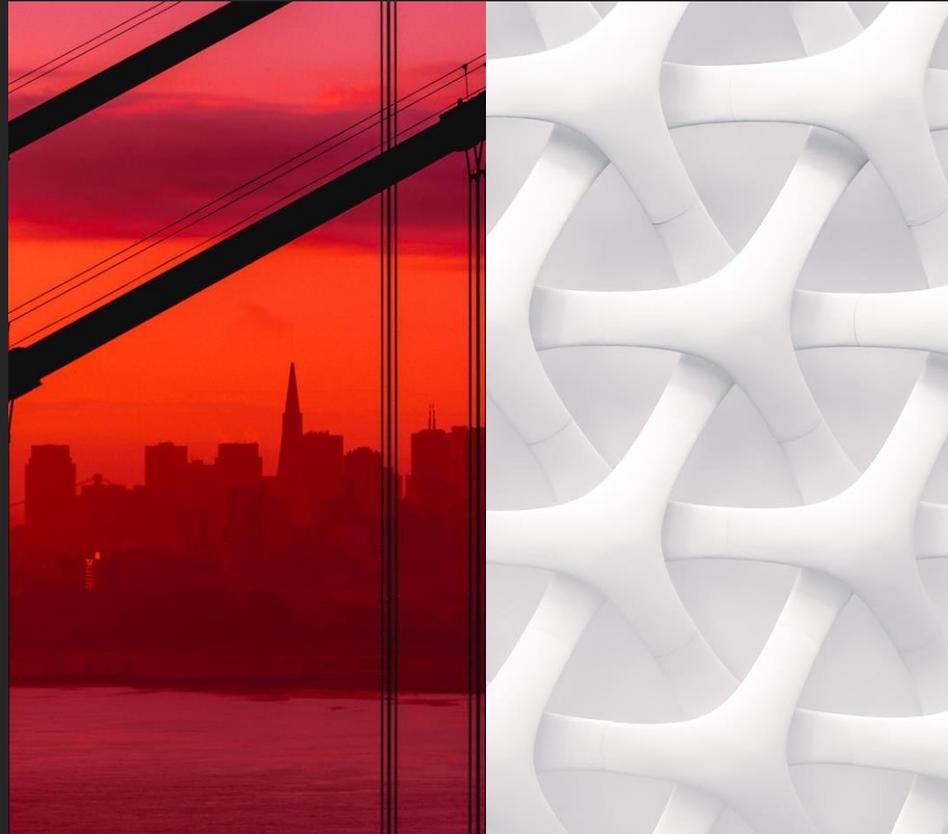
« WE ARE NORTH »

THE NORTHERN GATEWAY TO CANADIAN AND U.S. TAX ADVISORY & PLANNING EFFECTIVE CROSS BORDER SOLUTIONS

Companies face many challenges

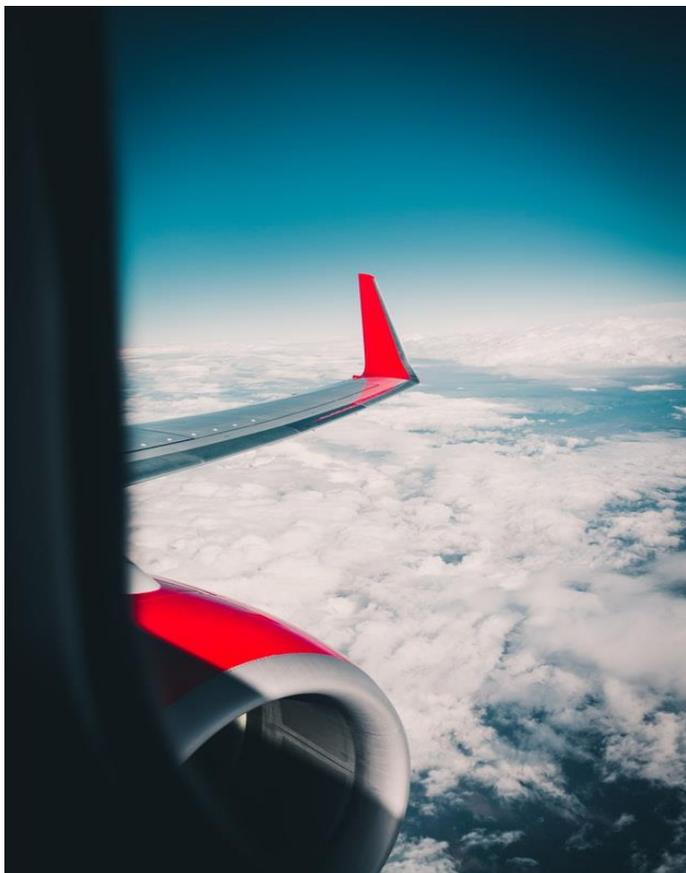
brought about by dealing with two different tax and legal systems.

Consequently, a myriad of Canadian tax issues face U.S. companies seeking to expand its business activities into Canada.



The complexities with any new inbound

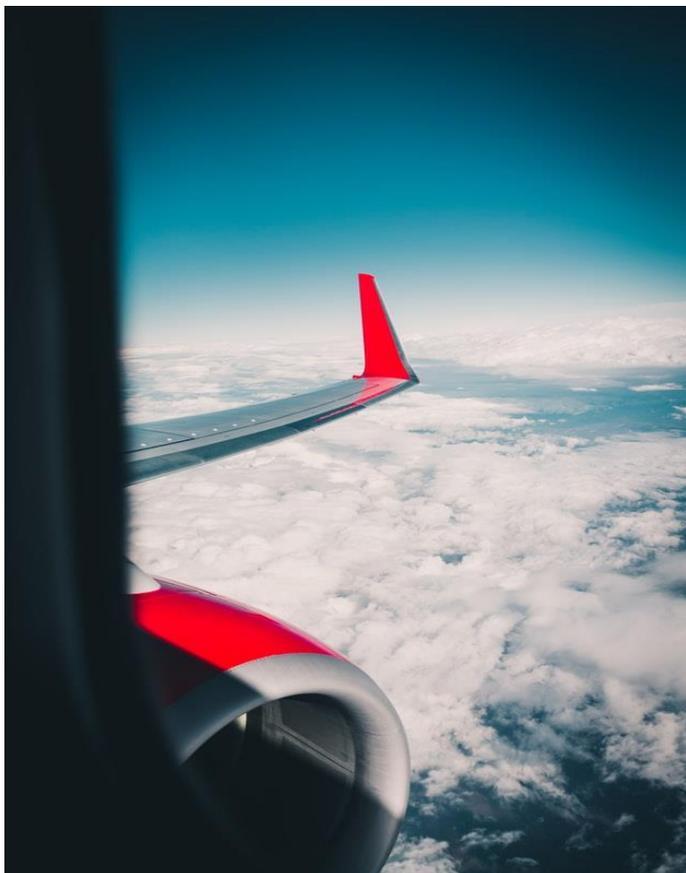
investment into Canada by U.S. companies must be properly planned as the landscape is constantly shifting in terms of tax legislation .



STRUCTURING YOUR BUSINESS EXPANSION INTO CANADA

With any multinational business, tax strategies are critical to the success of your operations as well as your profitability.

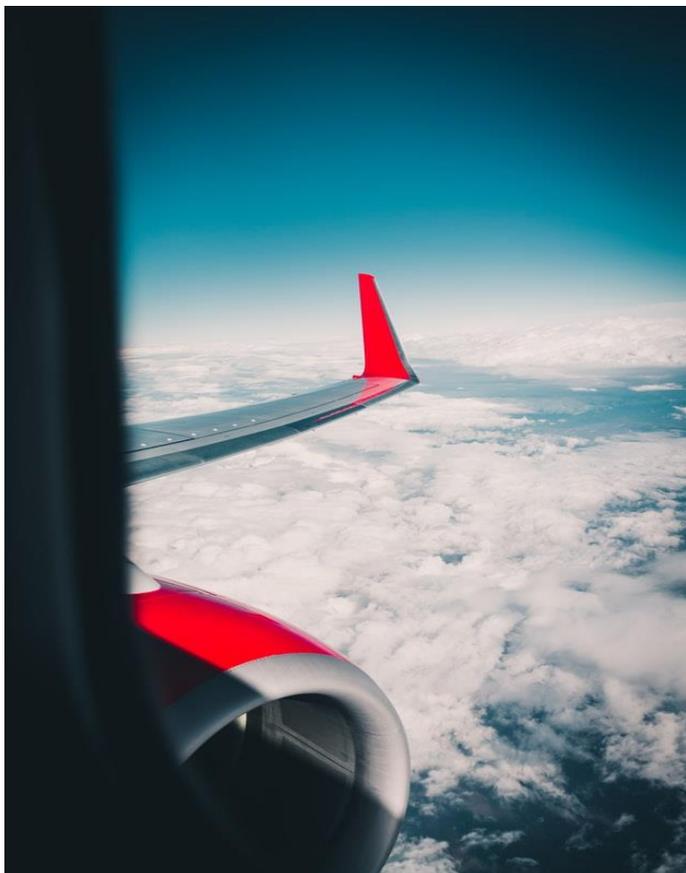
If you are a U.S. company planning to acquire an existing Canadian business or wish to carry on business in Canada, a clear understanding of Canadian and U.S. taxation is required.



STRUCTURING YOUR BUSINESS

EXPANSION INTO CANADA

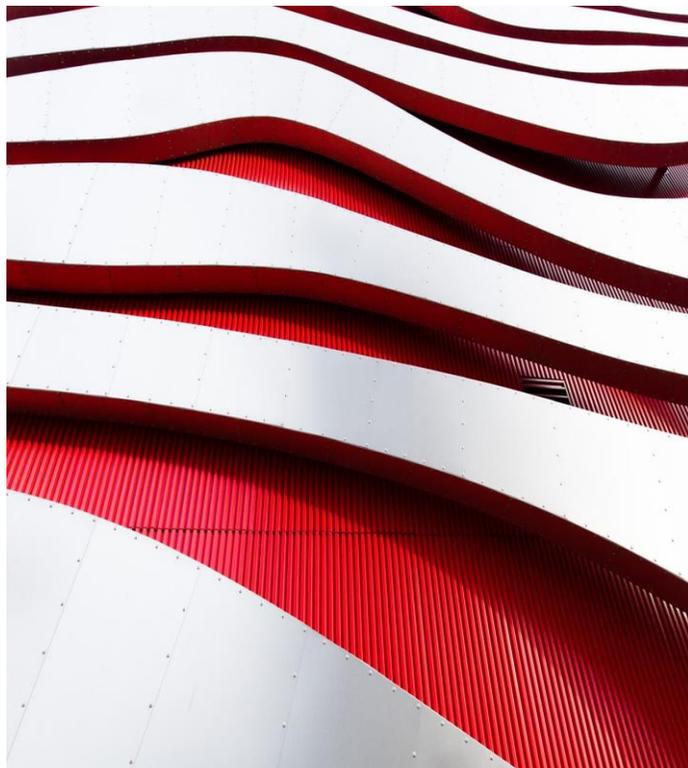
- Business entity selection (branch, corporation, LLC, ULC)
- Acquisition vehicle and initial structuring
- Debt and equity financing (optimal mix) and interest deductibility
- Repatriation of earnings
- Maximization of foreign tax credits
- Sale and reorganization of your Canadian operations and eventual exit strategy
- Canadian filing and reporting obligations



STRUCTURING YOUR BUSINESS

EXPANSION INTO CANADA

- Withholding taxes for services rendered in Canada
- Payroll taxes for non-resident employers sending employees in Canada
- Clearance certificates on sale of taxable Canadian property (Canadian real estate)
- Application of the Canada-U.S. Tax Treaty
- Cross border transactions, transfer pricing and contemporaneous documentation requirements
- Canadian federal and provincial sales taxes



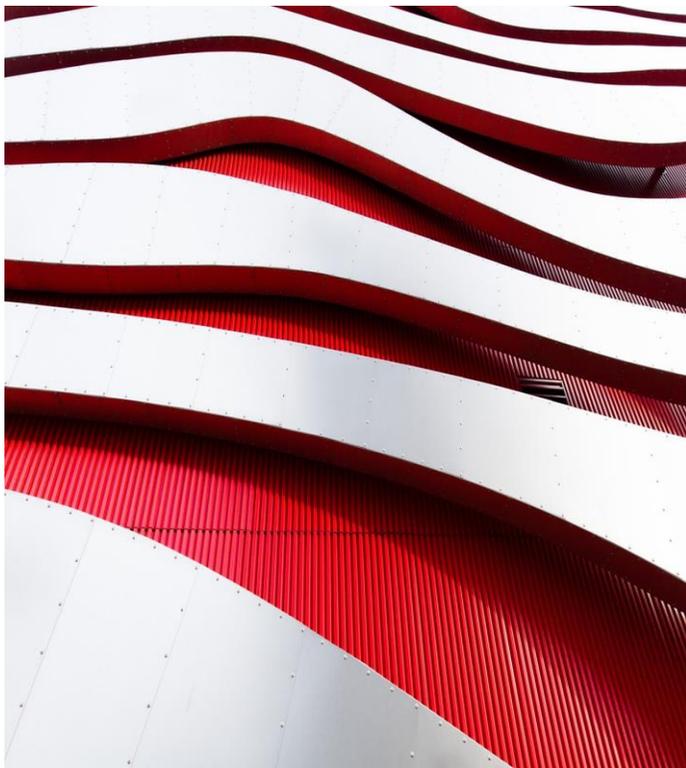
TRANSFER PRICING

GOODS, SERVICES & INTANGIBLES

In today's global economy, all companies transfer goods, services, and intangibles across international borders.

A transfer pricing analysis is the cornerstone of international tax planning.

Transfer pricing has become one of the most important areas of international taxation, in Canada and abroad and is of critical importance for U.S. companies expanding in Canada and concluding intercompany transactions with Canadian related companies.



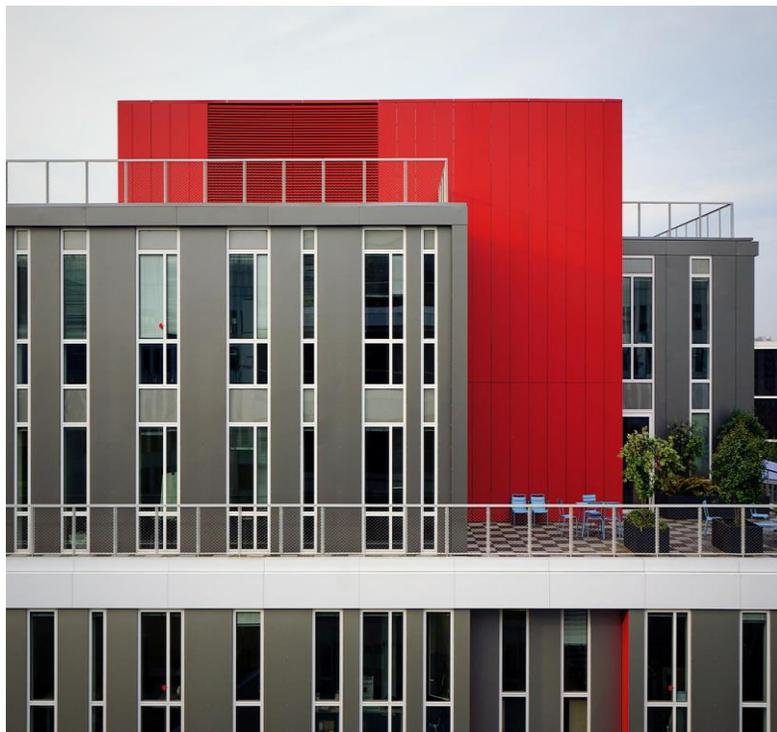
TRANSFER PRICING

GOODS, SERVICES & INTANGIBLES

The Canada Revenue Agency (CRA) enforces transfer pricing rules requiring Canadian companies including small multinational enterprises (SMNEs) to make a “reasonable effort” to determine and use arm’s length prices for intercompany transactions.

 Penalty of 10% on the adjustment made to intercompany transactions

- Analysis of intercompany transactions
Tangible goods, intra group loans, intra-group services, intellectual property
- Tax optimization of transactions based on your business model
- Documentation of transfer pricing policies
- Implementation of transfer pricing model

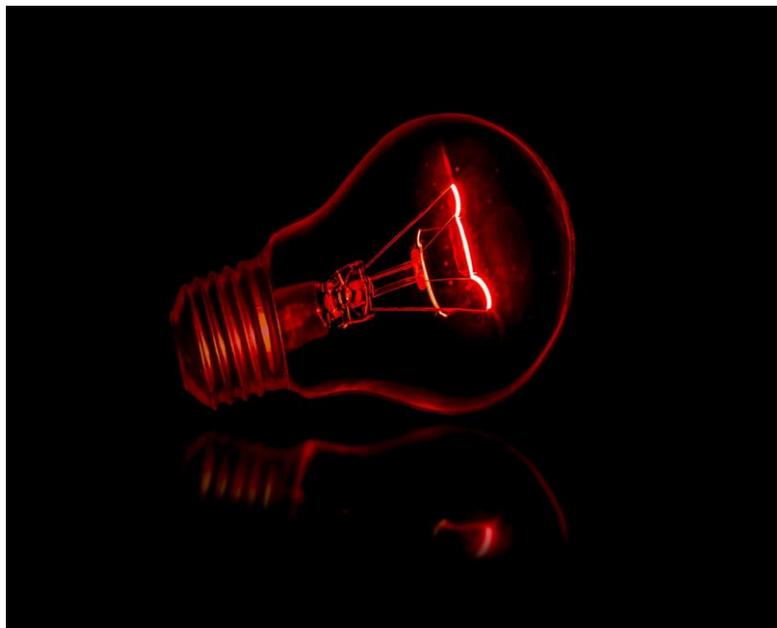


GLOBAL MOBILITY

EXPATRIATE TAX COMPLIANCE AND ADVISORY

Numerous tax considerations must be addressed when a U.S. entity sends its employees to Canada for various entrusted mandates or secondment assignment to its Canadian subsidiary or a related company.

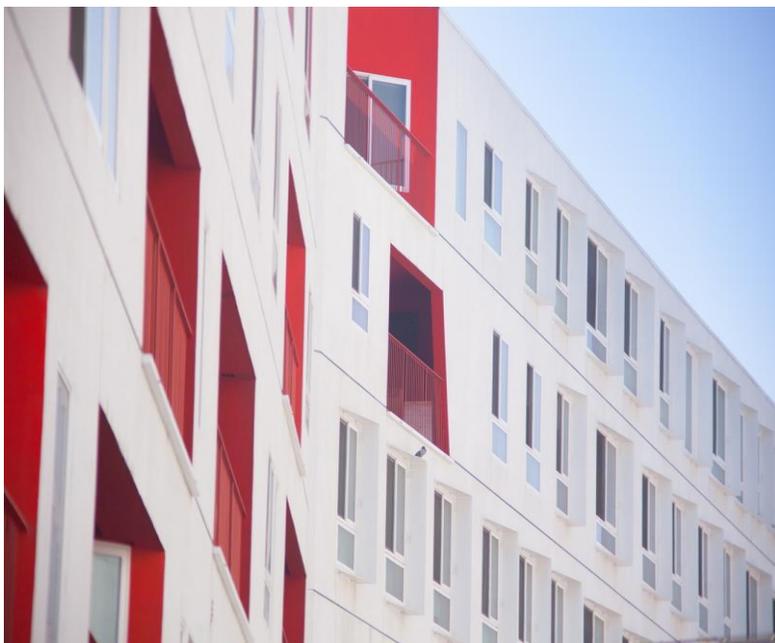
- Meeting Canadian income tax reporting and payment obligations
- Entrance interviews with employees and establishing personal contact
- Tax return preparation services
- Cross-border contract structuring
- Tax and social security aspects of total compensation packages
- Assistance with equalization and harmonization policies



SR&ED AND TAX CREDITS

Managing the growth of your Canadian operation inevitably involves innovation, research, or development projects. Once your strategy is in place, funding must be considered and optimized tax credits and tax incentives are great stepping stones. For optimization to occur, scientific and tax expertise are essential.

- Identification of qualifying projects and expenditures
- Set up of a documentation system for R&D activities
- Set up of a cross border Canada-U.S. tax structure for R&D activities
- Description of eligible projects
- Preparation of income tax returns and the appropriate tax forms
- Tax credit financing



CONSUMPTION AND SALES TAXES **INDIRECT TAX ADVISORY SERVICES**

In addition to mandatory taxes, consumption taxes and other indirect taxes must also be addressed.

U.S. companies must consider the Canadian sales tax regime regarding sales and purchases and other transactions as part of its compliant, proactive and rigorous fiscal management.

- Goods and Services Tax (GST)
- Harmonized Sales Tax (HST)
- Provincial Sales Tax (PST)
- Customs
- Land transfer taxes
- Filing obligations and preparation of sales tax returns



CROSS BORDER M&A DUE DILIGENCE REVIEWS

Due diligence is an essential step in the process that helps you uncover crucial accounting, fiscal and qualitative information. With this information in hand, you will have everything you need to make an appropriate, informed decision.

- Tax indemnities and warranties
- Assets versus share purchase
- Step up in cost base of assets
- Utilization of tax losses
- Pre-sale dividend analysis
- Choice of acquisition vehicle
- Choice of acquisition funding
- Deductibility of interest
- Minimization of withholding taxes
- Taxable versus deferred sales
- Purchaser versus seller concerns
- Fair market valuation
- Purchase price allocation

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CANADIAN AND U.S. TAX PLANNING AND ADVISORY SERVICES TEAM



DEDICATED TEAM



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Laurent Mailloux

Partner
Tax Credits and Tax Incentives

GERRY DE LUCA, CPA, CA

Partner, International Taxes & U.S. Taxes

“ Given my curiosity about the world at large, my interest in international trade and my roots, I think it was only natural that I end up in a profession without limits. More than being a tax specialist, I help business owners and companies achieve their greatest ambition: spreading their wings on an international scale, whatever the destination. Indeed, for me, it is getting there that matters most: getting people involved in planning and setting up their commercial activities.

I take a very collaborative approach, positioning our clients at the center of development of state-of-the-art, reliable solutions. Whether completing fiscal planning, setting up a new corporate structure or integrating your expatriate employees, it is important for me to provide practical, profitable solutions offering added value.”

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WHY CHOOSE

- **Our top-level expertise at competitive rates**
- **All large firm expertises in-house**
- **Local control**
- **Agile structure**
- **Cost effective approach based on the best technological tools available**
- **From SMEs to large business**
- **180 committed talents**

Enjoy a collaboration between passionate people.

