

Canada-U.S. Government Roundtable: Transfer Pricing and Competent Authority Update

Albert Baker, Deloitte & Touche LLP, Toronto

Richard Sciacca, Deloitte & Touche LLP, Washington DC

Lucie Bergevin, General Director, International and Large Business Directorate, Canada Revenue Agency, Ottawa

Michael Danilack, Deputy Commissioner (International), Large Business and International Division, IRS, Washington DC

Question 1

There have been recent changes to the transfer pricing team at CRA. Can you please provide us with any update?



Question 2

The CA and APA groups have been combined. Could you please outline the new organization chart and the reasoning behind it? What operational changes are underway?

Will this change the way that taxpayers interact with the IRS on APAs?

Question 3

Could you please provide an update as to the current inventory in the CA and APA programs and average processing time for both? From any IRS perspective, what impact have the APMA organizational changes and the group's new hires had on the APA and CA inventories?

Question 4

CRA recently announced that Business Restructuring files would no longer be handled by the APA program. Can you please comment on the rationale behind the decision, (e.g. policy reason vs. resource constraints) its scope and whether or not as a practical matter many APA requests are in fact being rejected because of it. Are there any other changes envisioned to the APA program that you can speak about and that may affect applicants?

Question 5

Both the IRS and CRA currently reserve the right to reject an APA or CA application on administrative grounds. What are the grounds for rejection? Practitioners experience has been that the CRA and IRS exercise such discretion independently. Do the two governments see cooperation and alignment in this area as a worthwhile goal? Might they anticipate further guidance on this question, including articulation of specific situations in which principles of sound tax administration principles would lead the agencies to coordinate on rejection an APA and CA applications on administrative grounds?

Question 6

Joint transfer pricing audits would appear to offer efficiencies to the IRS, CRA and taxpayers. What is the current appetite for joint audits? Are there any specific types of issues/transactions that may be better suited to a joint audit than others?

Question 7

Would you consider the development of joint bench marks that would be acceptable to both CRA and the IRS regarding certain routine type transactions?

Question 8

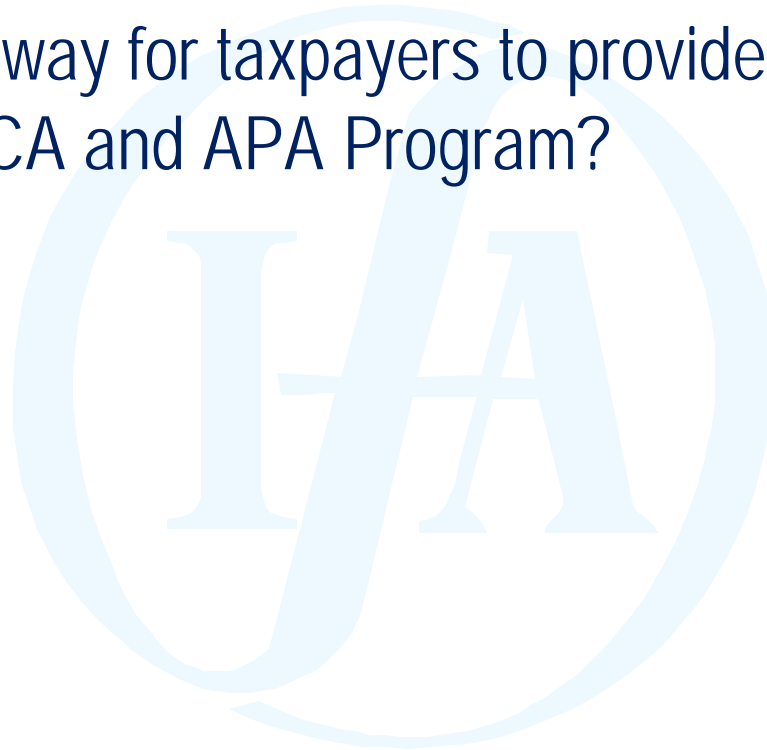
Arbitration is forcing an acceleration of the handling of CA files. Are the governments considering any initiatives or efforts to improve the processing time of files (e.g. joint meetings)

Question 9

Are there any plans to build upon efforts by both the CRA and the IRS to improve the transparency, with taxpayers, in regard to decisions coming from CA?

Question 10

What is the best way for taxpayers to provide constructive feedback of the CA and APA Program?



Question 11

Experientially, have you observed any best practices that could be conveyed to taxpayers in terms of facilitating resolution of a double tax case (CA request or APA) either generally or in the context of arbitration?