IFA Seminar 2012

Canada-US Government Roundtable

Albert Baker: Our topic this morning as you know is Transfer Pricing and Competent Authority Update. My co-chair on the panel is Richard Sciacca from Deloitte in Washington, who is sitting next to me. And on Richard's left we have two very senior officials from the government. We are very pleased that they were able to join us today for this. Lucie Bergevin, Director General, International and Large Business Directorate, Canada Revenue Agency in Ottawa and Michael Danilack, Deputy Commissioner, International, Large Business and International Division, IRS and based in Washington, DC. First question I am going to start off with Lucie. And Lucie, there will be changes to the team at CRA in the transfer pricing space and I wonder if you would be able to give us an update in terms of that?

Lucie Bergevin: Sure, thank you Albert. Good morning everyone. There is only one change in our structure at CRA to report and it's concerning the competent authority director job. As some of you may know Patricia Spice has retired in April so we have a process underway to replace the Director of Competent Authority, In the meantime we have Francis Ruggiero as the Acting Director. There is no change in the international program. Jennifer Ryan is still the Director of International Tax Division.

Richard Sciacca: Okay the next question we want to turn to the USA, Michael there have been so many exciting changes taking place in the last couple of years at the IRS and marshalling the transfer pricing resources already there and expanding the resources so substantially and most recently the Advanced Pricing Agreement Program, I used to be a part of myself, and the Competetent Authority groups have merged into the APMA Program, Advanced Pricing Mutual Agreement Program. I think that people would be very interested in hearing about the new organization, the new organization structure and in particular how operation changes might take place and how this might affect the way in which taxpayers interact with the program for APAs.

Michael Danilack: Thanks Rich. Yes, there have been substantial changes in the way in which we have organized ourselves to address international issues over the last couple of years. But I'll focus on the transfer pricing changes in response to your question. Basically, we have been engaged in a consolidation of our transfer pricing expertise. If you were to wind back the clock a couple of years, what we had was transfer pricing work going on in our field examination function under leadership that was not at all tethered to an international program. We also had a separate APA program run by our legal division at IRS and separate from the IRS examination function. And last, we had the Competent Authority function dealing separately with the resolution of transfer pricing matters under the mutual agreement procedures. We took a look at that situation and realized that our transfer pricing work was fairly uncoordinated and not operating as with a single strategy in mind. So we formed a new executive position, which we call Director of Transfer Pricing Operations, and we hired Sam Maruca to fill that role. Sam is a long-time transfer pricing expert we were very lucky enough to hire him away from his former law firm. We were then able to align our transfer pricing resources in a single organization. So, now our all the international experts in our field examination function are reporting into our international division, and the Director for Transfer Pricing Operations has responsibility for the transfer pricing work going on in field exam. The APA office was recently merged with our mutual agreement team and that consolidated office reports to the Transfer Pricing Director as well. With this consolidation, we hope that we will be able to operate in the transfer

pricing space with a single programmatic mindset and that we can be strategic about the way in which we allocate resources in dealing with all transfer pricing matters. The goal will be to determine how best to get to resolution of transfer pricing issues as early as possible, using all the tools we now have at our disposal within a single organization. In any given case, we'll be able to decide whether the best way forward is an examination, an APA, or perhaps a new tool like the recently developed joint audit process. We'll now have the opportunity to work with taxpayers to make these choices as to the best treatment in a given situation.

Richard Sciacca: How do you think this is going to affect the way in which taxpayers interact with the APA program or the program in order to apply to APAs, I should say?

Michael Danilack: Generally, I can say it will have an impact, but I can't provide a lot of specifics at the moment, because we only recently formed the new combined program. Previously, we had the two legacy programs, each of which had a set of procedures for interacting with taxpayers. Now that the two programs are together, we obviously need to reconstruct these processes and issue new procedures to provide guidance on how to interact with the combined program, known now as APMA. But what I can say is that we are very much open minded to making significant changes. In other words, it is not just an exercise in taking the two separate procedures and knitting them together. We are taking a good hard look at how we have interacted with taxpayers in the past and how we might better interact in the future. So, for example, if a taxpayer is pursuing a bilateral APA, it may be that we work out an arrangement that allows the taxpayer to initiate bilateral discussions almost immediately. Historically, all of the upfront work was done separately with the APA program, and then, much later, our bilateral discussions began. Well, Lucie and I have been talking about whether we should try to get to the bilateral discussions much earlier in the process. We've talked about things like, in the context of mutual agreement cases, having more taxpayer interaction with the two governments together. We should look to streamline the MAP process and find ways in which we can have single presentations in single meetings where we are developing the factual case together.

Albert Baker: Lucie perhaps you can share with us some statistics around inventory for both competent authority and APA and maybe average processing times for both?

Lucie Bergevin: Sure. The first thing that I will mention is that we anticipate publishing our report on statistics in September for the year that just ended at March 31st. So I will be quoting the numbers from 2010/11. But I will also give you the trends that we see for 2011/12 based on our preliminary count of files in progress and so on. So for the MAP program in 2010/11 - 94 MAP requests were accepted and 95 were completed. There were 194 MAP cases still in progress at the end of 2010/11 which is March 31st, 2011. This doesn't include the cases that are not related to transfer pricing such as the cases that involve residency or permanent establishment issues; if we count those there were 224 requests outstanding at March 31st, 2011. On average it took about thirty months to complete a MAP case in 2010/11. Of course the MAP process requires co-operation from the taxpayer. We also have to give some time to the other tax authority to review the case. We need to get the confirmation from the taxpayer as to whether they accept these settlements or not and that takes time. So there are many factors that make it thirty months instead of what you'd like to see, which is something lower of course. Looking at the trends for 2011/12, although again the MAP stats have not been officially tabulated for 2011/12, the number of completed cases will show very little change from last year. Same with the APA inventory at the end of March 31st, 2012, I think you will see little change

from last year. And I will talk about that a bit further. For the APA program, the 2010/11 fiscal year opened with 95 cases in inventory and it ended with 95 cases in inventory. Overall 20 cases were closed, 16 were completed and 4 taxpayers withdrew. The average time to complete a case from acceptance to completion was fifty months for bi-lateral APA and twenty-eight months for a uni-lateral. So the 2011/12 stats are not yet available but there is still, I can confirm a lot of interest in our APA program and preliminary count indicates that the number of APA requests received are in line with the previous year. However, the APA acceptances are slightly lower than they were this year and there is a reason for that. It is attributable in part to our change of policy and the application procedures. As you may be aware, we brought a lot of diligence around the pre-filing. We are now more stringent in our requirements for information. We ask for more information at the time of application and this is to ensure that sufficient information is available to CRA to analyse the case. We expect, and we hope, that this will reduce the time required to do the case because we will have the right information we need at the outset. So it is of course our goal to reduce both the inventory and the time it takes to work on a case. I am very encouraged by the discussions that we are having with the IRS. Mike and I have been involved in trying to find ways to improve this so I hope to be able to report a lower inventory next year on both accounts and lower times to process the cases.

Albert Baker: Mike as the reorganization that is taking place at the IRS, has that had a positive impact on inventory thus far?

Michael Danilack: Yes, I think it has. Now we haven't been operating in this new way very long. The merger we discussed became effective in late February, so it's only been a couple of months. But a point I didn't make a few minutes ago is that, not only did we merge these two programs together, we also added substantial new resources to the combined program. We've hired about forty new people, so we are up around a hundred staff in the combined APMA program. And, in our recent hiring efforts, we've been extremely successful at attracting some very, very good talent from both internal and external sources. About thirty of those forty come from private practice, and about a dozen of those thirty have come in from the highest levels in their respective firms with substantial transfer pricing experience. So it's not just about numbers, it is also about upping our expertise. Now, again, we haven't operated long with the new office, but so far we've seen some good results. I got some positive feedback from Lucie's team yesterday that they can already see the benefits. In the past, we had just a single manager responsible for our work with Canada, with a second manager sometimes in the mix. Now we have three managers and three teams focused almost exclusively on Canadian cases. We've also been able to move our backlog of APAs. All the APAs that have been submitted have now been assigned, whereas in the past submissions would sometimes sit on the shelf for nine to twelve months before they could be assigned. That shelf is now entirely clear. It's tough to make predictions this early on, but I think we can expect to see a lot more cases getting closed in the near future.

Richard Sciacca: Mike as a practitioner I can also say that we have seen cases move more quickly, much more quickly recently and that is certainly welcomed. Just one other point on resources; I understand there is something like twenty two economists now that you have got in the program and that's a substantial increase.

Michael Danilack: Yes, I'm glad you brought that up, because we made a strong effort to bring on new economist expertise, because of course that's critical in the transfer pricing area. So we've been able to build substantially our economists groups.

Albert Baker: Lucie the next question is for yourself; back in December as part of the TEI meeting it was announced that the CRA would no longer be taking business restructuring files into the APA program. Could you comment on that, both in terms of the rationale behind the decision and what you are seeing as a practical matter that whether or not you are seeing a lot of files being rejected because of that new policy?
Lucie Bergevin: Okay. Well I can confirm that it is CRA's position not to accept business restructuring in the APA program. We don't accept either the valuation or ownership issues that result from business restructuring in the APA program. Resource constraint is always a consideration for any workload. We do want to put our resources where they can be put to best use and we also have a mandatory workload of course which is the workload that we have to give priority to. But over and above those consideration, we have determined that business restructuring cases are not suitable for the APA program. We feel that they do not cover recurring or unchanging transactions and the underlying assumption that forms a basis of the methodology will likely change over the period of the APA. It is our view that we require a certain stable cycle without significant events in order to work the APA file. I do want to point out though that we rejected very few cases. I know that our decision has made quite a bit of noise but very few cases have been rejected. I want to tell everyone that the APA program is important for CRA. We are not rejecting those because it is not important. It is a prospective program, it makes sense and it gives certainty to the taxpayer which is very important. So we will continue to work hard to make our APA program work well.
Albert Baker: Are there other changes coming Lucie that might affect applicants?
Lucie Bergevin: No, other than what I described earlier that due diligence at pre-filing and the business restructuring, there are no other changes to announce today.
Richard Sciacca: On the subject of rejection of application, currently both the IRS and the CRA reserve the right to reject application. Could you review for us perhaps Lucie first, what rationale is used to decide to reject an application?
Lucie Bergevin: Sure. Currently the CRA exercises its discretion independently to accept or reject APA cases and I think it is important to maintain that discretion. We have some information circulars that outline the criteria for acceptance into the program. Information Circular 71-17R5 talks about the criteria for when a competent authority case will be accepted and if the case satisfies the technical criteria outlined in the information circular, we will accept it. When the criteria are not met, we may reject an application. For example, just a few examples of when we would reject an application are as follows; when the taxpayer has not notified the competent authority within the set time limits; that would be a reason to reject the case. Also on some issues where CRA as a matter of policy has decided not to accept the case, or to consider the cases in the program. There are two examples. Information Circular 94-4R outlines the criteria for acceptance into the APA program. And in relation to what I said earlier, I just want to point out that in that circular, it does say that the CRA will only accept APA requests for current transactions and future transactions that are not hypothetical. So that is part of the basis for not accepting business restructuring.
Richard Sciacca: And Mike, the IRS?
Michael Danilack: Yes, we also reserve the right to reject an application. Our published revenue procedure on the process sets forth the instances in which we can do that. If you were to look at the list, I think you would see that we are basically trying to maintain the integrity of the program, the

integrity of the process. And essentially we do that by preventing taxpayers from cherry picking or trying to take two bites at the apple. So, for example, if the taxpayer rejects a competent authority resolution that pertains to the same, or a very similar, issue in a prior cycle, we reserve the right to reject their application the second time around. Also, if the taxpayer is not cooperative with the competent authorities, we have the right to terminate or turn away the case. Or if the taxpayer fails to cooperate with exam such that we can't really address the case fairly, that somehow the non-cooperation with exam would hinder our ability to negotiate the case, then we have the right to reject the application. Or if they have acquiesced in foreign-initiated adjustment and then go ahead and take what I call self-help, either by making a correlative adjustment on their own or by taking a foreign tax credit for the tax they paid. Then, if later they decide to come in for competent authority relief, because perhaps exam picked up on what they did, we reserve the right not to take the case as a matter of administrative policy.

Richard Sciacca: Just to follow up on cherry picking, might that also include limiting covered transactions to a subset of all transactions?

Michael Danilack: Can you explain what you mean? You normally do limit your covered transactions to a subset of all transactions, don't you?

Richard Sciacca: We normally do but in some circumstances, there has been discussion about whether or not including some transactions, but not all transactions. Others might be similar or related in some way.

Michael Danilack: Ah, so a little bit of gamesmanship. I understand. I think situations like that come down to whether or not the taxpayer is not being cooperative. If a taxpayer isn't being transparent with us, then we do have the right to not take the case on the grounds the right level of cooperation just isn't there.

Richard Sciacca: And then I guess on the general subject of cooperation. In this regard reserving the right to reject applications, practitioner experience is generally that the two agencies exercise their rights independently. Do you see any room for cooperating between the agencies with respect to this area?

Lucie Bergevin: Well for myself if you are talking about cooperation outside of accepting cases or the rules to accept cases, absolutely I see a lot of room. There is room for improvement in the way we negotiate cases, there is no doubt. And there is room for finding better approaches to deal with issues that come back all of the time. I think we have to work more intelligently, if I can use those words, and that's what we will endeavour to do in the years to come.

Michael Danilack: I will second what Lucie said. We have a very good, open line of communication between us on these policy-like questions, and both governments are striving to improve the process because globalization puts a lot of pressure on the mutual agreement procedures. As a result, we need to be working closely together to find ways to, not only relieve our own burden, but to relieve taxpayer burden. And we need to coordinate on ways to provide better service because, in many senses, what we do in mutual agreement is a service to taxpayers. For example, we are having discussions about finding a tri-lateral case to work between us, involving a third government of course. We both would like break into new territory, streamline processes, and make things more efficient for taxpayers.

Richard Sciacca: And on this note of having 'efficiency and service,' I guess the next question has to do with joint transfer pricing audits. Whether or not there is an appetite for this kind of activity at the two agencies. And in particular are there specific types of cases where it would be more likely that you would be engaging in joint audit activities? Lucie?

Lucie Bergevin: Well I will speak for Canada; we believe that a joint audit makes sense. Not every case can be subjected to joint audit though. In order for a joint audit to work there have to be issues of common interest in the taxpayer to both countries. We have been putting a lot of effort into identifying potential cases for a joint audit. Also, we contributed to the Joint Audit Participants Guide prepared by the OECD in 2010. So this shows our intention to cooperate with other countries on that front. I am pleased to announce that we have identified a case and we are working with the IRS on a joint audit. It's under the capable leadership of Jennifer Ryan. It is a lot of work because we are building the structure around joint audit, but we are learning together. And we think it will be a very good learning experience and we will move from there as Michael was saying. Perhaps in the not so distant future we can be thinking about doing a tri-lateral as well. But we want to make this joint audit work first. There may be interest for joint audits but we really have to manage expectations because we are testing it now. And it takes time to test it.

Richard Sciacca: Mike?

Michael Danilack: Yes, joint audit is an interesting concept, and one worth pursuing. It's a bit challenging, however, because what you need are for the years at issue to be lined up and our audits are not always in lock-step with one another. One thing we're beginning to see is keen interest among countries that have real-time auditing programs. The IRS has what we call the 'compliance assurance process' in which we examine certain taxpayers during the tax year at issue and attempt to reach resolution even before the return for the year is filed. In that context, we recently had very big joint audit success with another country that was also auditing in real-time. It was a big success because the issue had been a contentious audit issue in an earlier cycle, followed by a contentious mutual agreement procedure with the other country. This time around, through the joint audit process, we resolved the exam bilaterally and were able to roll the result into an APA for later years, and we got that whole process done in six months. So it was probably the best that can be done, right? In six months we resolved the audit issue bilaterally and rolled it into a bilateral APA. This is what we need to be aspiring to as tax administrators.

Richard Sciacca: Just in terms of the categories of cases, transfer pricing cases that might be best suited to joint audit. Are there any that come to mind? For example management service fees where it is largely a factual question and so joint fact finding might provide those kinds of efficiency.

Lucie Bergevin: I would characterize it more in terms of the interest of both tax authorities and you may be looking for factual information on a certain area and that's where it makes sense to do it together as opposed to by group by topic.

Michael Danilack: Yes, I think the whole transfer pricing area is fair game for this type of resolution effort. Whether it be management services or other types of expense allocations, or royalties, I think any of them are fair game. It might be that, depending on which treaty partner is involved, you'll look for some more straightforward issues, but I don't know that there is any limitation on what can be done in this context, again, if the years match up.

Albert Baker: On the topic of efficiency, the topic of joint benchmarks comes up and it would seem to be possible perhaps with regard to routine type transactions and so maybe you can share with us your, IRS or CRA's appetite for coming up with joint benchmarks.

Lucie Bergevin: Well I will start. I think we said quite a bit about the routine type transactions and the need to have a dialogue just to deal with these transactions more effectively. But in terms of how this relates to safe harbour and simplification measures, Canada does not have any experience

using safe harbours. We are very interested in the work that Michelle described this morning that is being done by the OECD on tax simplification and safe harbours. We are also interested in what was published on what the various countries are doing and how they use safe harbours. So Canada is exploring this at this point in time, but it is too early to say or give an opinion.

Michael Danilack: I would start by saying, again, that we have a very open dialogue between us about how we can get our teams to work more efficiently together. One aspect of that is evaluating when we have recurring issues, things that come up time and again. I think Lucie and I agree we would benefit by having discussions about how particular issues should be handled in general terms. If we could bring our two teams together to have these more general discussions about what we should do when we see management services, for example, these discussions would likely be fruitful. I think we would learn from one another and gain prospective on these issues, which would help when we get down to those issues in actual cases.

Richard Sciacca: Next question has to do with arbitration and we note here that arbitration is enforcing the acceleration of handling of the competent authority files. The question is that are the governments considering and efforts or initiatives to improve the processing time of files like joint meetings?

Lucie Bergevin: Well arbitration certainly has brought a different dynamic. It forces us to really manage our inventory well. This year was the first year. Being a transition year we are just adjusting to it. But really we should always be managing our inventory well and trying to do more and do cases more quickly. So I don't know that it is a big change. We had to go there anyway. It's just that now there is a clock ticking. That's the big difference. We've done quite a bit on two fronts. We have had discussions with the IRS, even before arbitration, to find ways to expedite processing of files. From within Canada we have looked at our inventory, and reviewed our process. We also looked at our tracking system to make sure that we had a good handle on the priority cases. The director of competent authority is now getting very involved in the cases to make sure that the inventory moves. I hope our effort to reduce the inventory will show very shortly.

Michael Danilack: I would again agree with what Lucie is saying. I think this discussion is exactly where it needs to be. You might contrast it with what we could be saying, which is, that arbitration somehow has put us in a position of litigants or adversaries and that it's brought about a whole new dynamic focused on outsmarting the other side in getting our cases ready for arbitration by outmaneuvering our opponent. That's the potential risk to having arbitration. It's an important mindset issue. You want to make sure, as Lucie said, that your mindset instead is simply that there is a clock ticking and that our mutual goal is to be more efficient so that together we can avoid arbitration. We need to enhance our processes, not to outsmart or outmaneuver the other side, but rather to get to resolution, to get to a solution more quickly; not to out-negotiate the other side to end up with the better case for the arbitrator, but to get to a mutually satisfactory solution more quickly so that arbitration can be avoided. So this is how we are both seeing it, which is good. We may still have a way to go to smooth out the process points between our two organizations, but we're heading in the right direction from my point of view.

Richard Sciacca: Reminds one of the Samuel Johnson quote, 'Those that will be hanged in the morning tend to focus the mind.'

Michael Danilack: Exactly.

Richard Sciacca: Next question has to do with plans to build on efforts by both the CRA and the IRS to improve the transparency with taxpayers in regards to decisions coming from competent authority. Lucie.

Lucie Bergevin: Well, the CRA supports the notion of transparency. I think if we have good communication, cases are handled in a better way. We do understand that it's important for the taxpayer to understand the rules used by the tax authorities in resolving a case. While we are negotiating we try to keep the taxpayer aware of the discussions and how the issues are being settled because that's hugely important for the taxpayer. And at the end when the agreement is reached we provide the taxpayer with something in writing. Having said that, the CRA is very clear both with the taxpayers and in our correspondence with other tax authorities that MAP settlements are non-precedential; what that means is that in following years the operations of the taxpayer could be changed. The facts and circumstances surrounding a particular company could change so there is absolutely no guarantee that the methodology used by the auditor will be the same. For APA, the taxpayer could expect that if for a certain period we had an an APA agreement, if the facts and circumstances don't change, we could use the same methodology. That would be a valid expectation, but again there is no guarantee. The methodology could change. I want to point out too that if a taxpayer files a subsequent tax return using an expired APA does not meet the requirement of the reasonable efforts for meeting the contemporaneous documentation requirement, meaning that the CRA will be expecting a new submission for an APA for a new period.

Michael Danilack: I would add that, in my personal opinion, there is not a secret law problem here. I listened to Robert Couzins yesterday and I thought he made a very interesting presentation. He talked about the OECD principles and the OECD guidelines and I think he headed in the direction where we all are, which is that we've got our principles and our guidelines but they're not highly prescriptive. They're not legal proclamations on how precisely something must be treated; they are principals and guidelines. Ultimately, what happens in the mutual agreement procedure is that the two parties reconcile their independent views and reach a government-to-government solution. Now, this is not the creation of some new legal doctrine and I reject the notion that by reaching a negotiated government-to-government solution to a problem that we've created some kind of secret law applicable to all but known to only one taxpayer. In MAP, a taxpayer gets, as Lucie said, a resolution and it's told what that resolution is and how its case is going to be handled. I think it's wrong to look at these decisions and consider them to be somehow precedential.

Richard Sciacca: In terms of taxpayers wanting to provide constructive feedback and are going through the process as either CA or APA programs, what's the best way of doing that?

Lucie Bergevin: Well I believe that the best way of doing it is at the lowest possible level meaning that taxpayers should be talking to the analyst and the manager before taking the case anywhere else because that allows the taxpayer to having a better understanding of the issues at hand. That's the informal way of doing it. That's how we like to do it however, if a taxpayer chooses to go more formal, I think the director of competent authority is the one to go to and they should be able to help with the case. Of course I am always interested in hearing about how the program is working but quite frankly I think that case specific concerns or issues are better dealt with at the director level.

Richard Sciacca: Mike?

Michael Danilack: There are a lot of ways to provide feedback. We certainly have panels like this at conferences where these matters are discussed and the discussion is always very interesting and very helpful. You can always be a little more formal about it, too, and write letters. As I said, the IRS will be in the process of redeveloping our published guidelines on how to interact with the new APMA program. We will likely put this out in proposed

form first and allow taxpayers and their representatives to provide comments. And even before we get to that stage, you should always feel free to send us a letter. Let us know what you think doesn't work well and if we agree with you we will try to fix it.

Richard Sciacca: And I guess related, can you share with us your views of best practices in resolution of double tax cases based on your experience?

Lucie Bergevin: Sure I think it boils down a lot to taxpayers being transparent and providing the information to the tax authority at the earliest possible stage. Failure to provide information at the audit stage will certainly lead to a problem in MAP when we try to resolve the case. In MAP we are effective if we have a good case to begin with. So we are counting on our auditors, of course, to continue to provide us with the right information, supporting information for our cases. Also the taxpayer should try to take a neutral balance approach when dealing with both tax authorities and if there are material changes in the information that was provided to the tax authority, it is important to keep the tax authority informed all the time. Also the treaty partners, I think that this is very important, have to have a common objective of resolving double taxation. That has to be our first objective and we can never forget that because we can certainly get lost in trying to protect the FISC and it's about doing what's right for the taxpayer and resolving double taxation.

Michael Danilack: I agree. Lucie started with transparency. In terms of best practices for taxpayers, I think transparency is number one. Providing information to both governments, and the same information to both of them, is absolutely critical. There's a tendency for suspicion to creep into this process. It can be suspicion of the other government or one government's suspicion of the taxpayer, but suspicion of any kind is always detrimental. A taxpayer will either create that problem, or exacerbate it if it already exists, if it provides inconsistent information to the two governments. Instead, the taxpayer should take the view that there's a dispute between two governments and its responsibility is to get all the facts on the table so that the governments can get to an appropriate resolution quickly.

Richard Sciacca: Having worked both sides of the table I have to say this. This idea that somehow suspicion can get into the process easily is very important and I wanted to commend to everyone Bill Morgan's comments last week at the APA meetings on very specific things that taxpayers can do to provide information in a way that is useful for the people who are actually reviewing competent authority and APA files. There are more mundane sounding than one might believe, but things like spreadsheets with formulas in them and being able to tie sliced and diced financial data to audited financials. Those are very useful things. And I think more steering, more guidance along those lines I think would help taxpayers greatly because I think most of us want to cooperate. None of us wants suspicion to be in the process but in many ways it seems like an overwhelming task to simply provide information. The limits on that I think, or some sense of guidance on that, would be like Bill provided would be helpful.

Michael Danilack: I absolutely agree and I'll reiterate what I already said about our thinking long and hard about interactions with the taxpayer, which includes interactions we have in the information gathering process. Bill Morgan, for those who don't know, now works at IRS. He's a tremendous economist who we were lucky to bring in to be our top economist in the program.

Albert Baker: There are two questions that came in from the floor. Lucie they are both for you. I will start off with the first one; you had alluded to some cases a reason for not accepted a MAP case could be a policy consideration and so the question was are there any examples that you are able to show there of policy considerations?

Lucie Bergevin: Well one example would be thin capitalization. That's an example where as a policy matter we wouldn't accept it in the MAP program.
Albert Baker: Thank you. The second question was on joint audits. It was mentioned that is one in place. Is that seen as a test? Might there be a future announcement that it would be an option that taxpayers could request? How do you see that playing out?
Lucie Bergevin: At this point it is very much seen as a test because it is resource intensive and I think Jennifer would agree. I would ask that you give CRA time to try it out and see the benefits of it. We certainly see the benefits of it for the taxpayer alright. You are talking to the two governments at the same time and presenting the same facts. So that there, presenting the same facts, is very strong. So it seems to make sense but we have to look at the governance around it and the resources we put on it while trying to keep up with our regular work. So we will be able to announce at least in our view if it is a success or not. Hopefully it will be a success and from there we will make a decision as to what happens to joint audit in the future. Do we allow taxpayers to request joint audits, and so on but that's down the road.
Albert Baker: So I think we are right on time so I would like to very much thank Lucie and Mike for their participation this morning.
Brian Mustard: Thank you Albert and so on behalf of my co-chair, Mark Brender and I would like to thank all of our speakers, presenters and participants. And of course I would like to mark Elizabeth Hooper's contribution. Without her and her team we don't have a conference, so thank you Elizabeth.