

Practice Group Meeting International Taxation Canadian Inbound Investment Considerations

GGI North American Regional Conference

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Considerations When Doing Business In Canada

1. Will investor be “Canadian resident” for tax purposes.
2. Definition of “carrying on business in Canada” – Section 253.
3. Tax treaty with Canada? PE?
4. Filing requirements.
5. GST/HST/PST considerations.
6. Withholding taxes – Part XIII of ITA.
7. Branch tax considerations.
8. Property taxes.
9. Customs duties.
10. Immigration issues.

Canadian Inbound Investment Considerations - Entities

	Foreign Ownership	Entity Level Tax	Tax Filing
1. Canadian Limited Company	Yes	Yes	Yes – T2
2. Canadian Unlimited Liability Company	Yes	Yes	Yes – T2
3. Partnerships – Limited or general	Yes	Yes	Yes – T5013
4. Trusts – Commercial	Yes	Yes/No	Yes – T3
5. Unincorporated branch	Yes	Yes	Yes

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Corporate Income Tax Rates – Combined Federal and Provincial General Corporate Rate / Based on Calendar Year-end

	2011	2012	2013	2014
Alberta	26.50%	25.00%	25.00%	25.00%
BC	26.50%	25.00%	25.75%	26.00%
Saskatchewan	28.50%	27.00%	27.00%	27.00%
Manitoba	28.50%	27.00%	27.00%	27.00%
Ontario	28.30%	26.50%	26.50%	26.50%
Quebec	28.40%	26.90%	26.90%	26.90%
New Brunswick	27.00%	25.00%	25.00%	25.00%
Nova Scotia	32.50%	31.00%	31.00%	31.00%
PEI	32.50%	31.00%	31.00%	31.00%
Newfoundland and Labrador	30.50%	29.00%	29.00%	29.00%
NWT	28.00%	26.50%	26.50%	26.50%
Nunavut	28.50%	27.00%	27.00%	27.00%
Yukon	31.50%	30.00%	30.00%	30.00%

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**Corporate Income Tax Rates – Combined Federal and Provincial
Small Business Rate / Based on Calendar Year-end**

	2011	2012	2013	2014	<i>Small Business Limit</i>
Alberta	14.00%	14.00%	14.00%	14.00%	\$ 500,000
BC	13.50%	13.50%	13.50%	13.50%	\$ 500,000
Saskatchewan	15.50%	13.00%	13.00%	13.00%	\$ 500,000
Manitoba	11.00%	11.00%	11.00%	11.00%	\$ 400,000
Ontario	15.50%	15.50%	15.50%	15.50%	\$ 500,000
Quebec	19.00%	19.00%	19.00%	19.00%	\$ 500,000
New Brunswick	16.00%	15.50%	15.50%	15.50%	\$ 500,000
Nova Scotia	15.50%	15.00%	14.50%	14.50%	\$ 400,000
PEI	12.00%	12.00%	12.00%	12.00%	\$ 500,000
Newfoundland and Labrador	15.00%	15.00%	15.00%	15.00%	\$ 500,000
NWT	15.00%	15.00%	15.00%	15.00%	\$ 500,000
Nunavut	15.00%	15.00%	15.00%	15.00%	\$ 500,000
Yukon	15.00%	15.00%	15.00%	15.00%	\$ 400,000

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**Corporate Income Tax Rates – Combined Federal and Provincial
Ordinary Income and Interest / Highest Marginal Personal Tax Rate**

	2011	2012	2013	2014	<i>Highest tax bracket (2012)</i>
Alberta	39.00%	39.00%	39.00%	39.00%	\$ 132,406
BC	43.70%	43.70%	43.70%	45.80%	\$ 150,000
Saskatchewan	44.00%	44.00%	44.00%	44.00%	\$ 120,185
Manitoba	46.40%	46.40%	46.40%	46.40%	\$ 67,000
Ontario	46.41%	47.97%	49.53%	49.53%	\$ 500,000
Quebec	48.22%	48.22%	49.97%	49.97%	\$ 80,201
New Brunswick	43.30%	43.30%	43.30%	43.30%	\$ 124,178
Nova Scotia	50.00%	50.00%	50.00%	50.00%	\$ 150,000
PEI	47.37%	47.37%	43.37%	43.37%	\$ 63,970
Newfoundland and Labrador	42.30%	42.30%	42.30%	42.30%	\$ 65,785
NWT	43.05%	43.05%	43.05%	43.05%	\$ 125,771
Nunavut	40.50%	40.50%	40.50%	40.50%	\$ 132,406
Yukon	42.40%	42.40%	42.40%	42.40%	\$ 132,406

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**Corporate Income Tax Rates – Combined Federal and Provincial
Eligible Dividends / Highest Marginal Personal Rate**

	2011	2012	2013	2014 bracket (2012)	
Alberta	17.72%	19.29%	19.29%	19.29%	\$ 132,406
BC	23.91%	26.11%	26.11%	26.11%	\$ 103,205
Saskatchewan	23.36%	24.81%	24.81%	24.81%	\$ 120,185
Manitoba	26.74%	28.12%	32.27%	32.27%	\$ 67,000
Ontario	28.19%	31.69%	33.85%	33.85%	\$ 500,000
Quebec	31.85%	32.81%	35.22%	35.22%	\$ 80,201
New Brunswick	20.96%	22.47%	22.47%	22.47%	\$ 124,178
Nova Scotia	34.85%	36.06%	36.06%	36.06%	\$ 150,000
PEI	27.33%	28.70%	28.70%	28.70%	\$ 63,980
Newfoundland and Labrador	20.96%	22.47%	22.47%	22.47%	\$ 65,785
NWT	21.31%	22.81%	22.81%	22.81%	\$ 125,771
Nunavut	25.72%	27.56%	27.56%	27.56%	\$ 132,406
Yukon	17.72%	19.29%	19.29%	19.29%	\$ 132,406

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**Corporate Income Tax Rates – Combined Federal and Provincial
Non-Eligible Dividends / Highest Marginal Personal Rate**

	2011	2012	2013	2014 bracket (2012)	Highest tax
Alberta	27.71%	27.71%	27.71%	28.89%	\$ 132,406
BC	33.71%	33.71%	33.71%	37.03%	\$ 103,205
Saskatchewan	32.08%	33.33%	33.33%	34.20%	\$ 120,185
Manitoba	39.15%	39.15%	39.15%	39.69%	\$ 67,000
Ontario	32.57%	34.52%	36.47%	40.14%	\$ 500,000
Quebec	36.35%	36.35%	38.54%	36.52%	\$ 80,201
New Brunswick	30.83%	30.83%	30.83%	31.84%	\$ 124,178
Nova Scotia	36.20%	36.20%	36.20%	36.91%	\$ 150,000
PEI	41.17%	41.17%	41.17%	41.72%	\$ 63,970
Newfoundland and Labrador	29.96%	29.96%	29.96%	31.01%	\$ 65,785
NWT	29.65%	29.65%	29.65%	30.72%	\$ 125,771
Nunavut	28.96%	28.96%	28.96%	30.07%	\$ 132,406
Yukon	30.41%	30.41%	30.41%	31.71%	\$ 132,406

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Tax well solved.