THE TRANSITION FROM AN AUTONOMOUS TO AN INTEGRATED MANAGEMENT MODEL: A SELECTION OF CANADIAN TAX ISSUES

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In a changing business environment, a multinational enterprise (MNE) may reorganize the way in which it manages and operates its diversified businesses. For example, an MNE may choose to move away from an autonomous management model, which allows each diversified business to operate as if it were an independent entity, to an integrated or centralized management model, which allows the MNE to focus on its core business. Using the example of a US-owned Canadian company whose management is relocated to the United States, the authors examine a selection of Canadian cross-border tax issues that should be considered both during and after the transition from an autonomous to a centralized management model.

KEYWORDS: PERMANENT ESTABLISHMENTS ■ WITHHOLDING TAXES ■ FOREIGN EXCHANGE

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