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## SELECTED US TAX DEVELOPMENTS

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### PROPOSED EARNINGS-STRIPPING RULES MAY AFFECT CANADIAN INVESTMENTS IN THE UNITED STATES

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The US earnings-stripping rules may soon be tightened to severely restrict the amount of interest that may be deducted by US corporations with related foreign creditors and related foreign guarantors. Taxpayers and their advisers should be mindful of the proposed changes when structuring new investments into the United States.

**KEYWORDS:** UNITED STATES ■ TAX LEGISLATION ■ INTEREST DEDUCTIBILITY ■ INCOME TAXES ■ CORPORATIONS ■ EARNINGS

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