
INTERNATIONAL TAX PLANNING

Co-Editors: Nick Pantaleo and C. Andrew McAskile*

THE FICKLE FINGER OF FAT: AN ANALYSIS OF FOREIGN ACCRUAL TAX

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In this article, the authors examine some of the practical issues that can arise in determining the amount of foreign tax, if any, that can be attributable to foreign accrual property income earned by a foreign affiliate. These issues arise because the language of the relevant provisions is dated and ambiguous, resulting in a number of interpretive problems for taxpayers. Furthermore, interpretations issued by the Canada Customs and Revenue Agency can result in timing differences and possible double taxation.

KEYWORDS: FAPI ■ FOREIGN AFFILIATES ■ LLC

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