



Canada Revenue  
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# MUTUAL AGREEMENT PROCEDURE

PROGRAM REPORT

2016

**Competent Authority Services Division**

International and Large Business Directorate  
International, Large Business and Investigation Branch  
Canada Revenue Agency

**[canada.ca/en/revenue-agency/services/tax/international-non-residents/competent-authority-services.html](https://canada.ca/en/revenue-agency/services/tax/international-non-residents/competent-authority-services.html)**

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## EXECUTIVE SUMMARY

This is the annual report issued by the Canada Revenue Agency (CRA) on its Mutual Agreement Procedure (MAP) Program. The CRA has published an annual report on this program since the 2001-2002 fiscal year, with the exception of the 2015-2016 fiscal year report. Statistics for that year are included in this report. Since 2016, the report has been based on a calendar year. Because 2016 was the transitional year for reporting, MAP results are included for the fiscal year ending March 31, 2016, and the calendar year 2016. This report provides a summary of the MAP program for the period from January 1, 2016 to December 31, 2016. The publication of this report was delayed to align with the publication of the MAP statistics by the Organisation for Economic Co-operation and Development (OECD).

This report describes the purpose, history, and current events that are shaping the future of the MAP program. Statistical information makes the MAP program more transparent and provides some insight as to the types of issues addressed by the CRA and its treaty partners. A summary of the key findings presented in this calendar year report is provided here:

- The CRA had 260 MAP cases on January 1, 2016. During 2016, the CRA accepted 124 new MAP cases and closed 160 MAP cases
- Of the 160 cases closed, 116 cases (72%) resulted in full relief from double taxation after discussions with other competent authorities, 16 cases (10%) resulted in unilateral relief granted, 2 cases (1%) resulted in partial relief and 26 cases (17%) resulted in other outcomes.
- Of the 160 cases closed in 2016, 137 (86%) were initiated by Canada and 23 (14%) were initiated by other countries.
- The average time to complete a negotiable MAP case was 20.87 months.
- The transactional net margin method (TNMM) continued to be the most frequently employed transfer pricing methodology. The TNMM was used in 67% of the closed cases. The cost plus and the comparable uncontrolled price (CUP) methods were the next most popular methods being used in 9% and 7% of cases, respectively. The profit split and resale price methodologies were used in 1% of cases for each category.

The CRA encourages taxpayers subject to double taxation or taxation not in accordance with an income tax convention to consider the MAP program.

For more information, see Information Circular 71-17, [Guidance on Competent Authority Assistance Under Canada's Tax Conventions](#) or contact a MAP manager in the Competent Authority Services Division (CASD). See the list of MAP managers and their telephone numbers at the end of this report.

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## INTRODUCTION

The MAP program is a service provided by the CRA to assist taxpayers in resolving cases of double taxation or taxation not in accordance with the provisions of a tax convention. The MAP process requires co-operation from taxpayers to achieve the goal of resolving such cases.

## WHAT IS THE MUTUAL AGREEMENT PROCEDURE?

The Model Tax Convention on Income and on Capital (published by the OECD) recommends that bilateral tax conventions include a MAP article as a dispute resolution mechanism. Under such an article, residents in either country may request assistance resolving an issue covered by their convention. In Canada, the minister of national revenue authorizes senior CRA officials to try resolving tax dispute under tax conventions that Canada has with other countries. These senior officials are referred to as the competent authority. A similar authorization usually takes place in Canada's treaty partner countries.

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## HOW DOES THE COMPETENT AUTHORITY ACHIEVE RESOLUTION THROUGH THE MAP?

- A taxpayer who seeks a MAP resolution generally has to formally request assistance from the competent authority of the country in which the taxpayer is resident.
- After a taxpayer's request, the competent authority issues an acknowledgement letter to the taxpayer.
- The request is then reviewed to determine whether it is justified under the applicable income tax convention.
- If the request is rejected, the Canadian competent authority advises the taxpayer and the other competent authority in writing, citing reasons. The file is referred back to the tax services office (TSO) where the taxpayer may pursue other domestic recourses, if available.
- If the request is accepted, the Canadian competent authority issues a letter to the taxpayer and the other country's competent authority agreeing to pursue the case.  
**Note:** Some requests may be resolved without the involvement of the other country's competent authority.
- If the request results from a Canadian-initiated adjustment, the Canadian competent authority makes sure that the necessary facts are available (from both the taxpayer and the TSO that generated the adjustment) in order to prepare a position paper.
- For Canadian-initiated adjustments, the Canadian competent authority sends a formal position paper to the other country's competent authority.
- The other country's competent authority reviews the position paper, asks for more information, if necessary, and tells the Canadian competent authority of the findings.
- If the other competent authority does not agree with the position of the Canadian competent authority, it may be necessary to negotiate.
- A negotiation usually resolves the tax issue in question to the satisfaction of the two competent authorities.
- The competent authorities exchange correspondence to confirm the details of a resolution.
- The CRA sends the details of the resolution to the taxpayer for acceptance or rejection.
- If the taxpayer accepts the resolution, the Canadian competent authority tells the TSO (and the Appeals Branch, if an objection is filed), providing all necessary details of the resolution.
- The TSO processes the results of the resolution.
- If the taxpayer rejects the resolution, the taxpayer may pursue any other domestic recourses.

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## WHAT ARE THE BENEFITS OF SEEKING RELIEF THROUGH THE MAP?

- The MAP process is the only mechanism under Canada's network of tax treaties to relieve double taxation or taxation not in accordance with a convention.
- The resolution of double taxation or taxation not in accordance with a convention is a free service offered by the CRA.
- The MAP process requires co-operation from the taxpayer and regular communication between tax administrations. The views of the taxpayer, as presented in a MAP request, are given due consideration.
- After a MAP request has been accepted and all the facts reviewed, the resolution process is strictly between the two tax administrations, ending further taxpayer time and expense.
- With the experience of having negotiated hundreds of double tax cases, the CRA's highly skilled staff (accountants, financial analysts, economists and lawyers) are able to prepare a quality position paper and achieve timely case resolution.
- The MAP process can resolve matters for one or more audited tax years. In addition, taxpayers may ask for an accelerated competent authority procedure (ACAP). This procedure is intended to provide assistance for later tax years on the same issues included in a MAP. Advice on ACAPs is in the CRA's Information Circular, [IC71-17, Guidance on Competent Authority Assistance Under Canada's Tax Conventions](#), and its Transfer Pricing Memorandum 12, [Accelerated Competent Authority Procedure \(ACAP\)](#).
- If a tax issue concerns transfer pricing, taxpayers may find it appropriate to ask for an advance pricing arrangement (APA) request to cover future tax years (generally up to five years). Further guidance from the CRA on APAs may be found in the current version of Information Circular 94-4 [International Transfer Pricing: Advance Pricing Arrangements](#).
- As international audits increase and the issues become more complex, the MAP process continues to be the most effective and efficient mechanism to resolve international tax disputes.
- The CRA is committed to making taxpayers aware of the MAP program. The CRA expects that its commitment to the improvement of the program, combined with steadily increasing international audit activity, will result in more taxpayers seeking assistance through the MAP process.

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## WHO IS INVOLVED IN THE MAP?

The CASD, which has responsibility for the MAP program, is part of the International and Large Business Directorate (ILBD). The ILBD is part of the International, Large Business and Investigations Branch of the CRA. The director of the CASD is an authorized competent authority for Canada. The director is responsible for cases involving double taxation and taxation not in accordance with a convention, as well as for the overall administration of the MAP program. For information on the requests handled by the CASD see Information Circular 71-17.

The CASD is responsible for handling taxpayer MAP cases, along with other tasks such as handling requests for APAs and exchanging information. As of December 31, 2016, there were 54 employees in the CASD. This included 1 director, 7 managers and 46 staff. The 46 staff have the following tasks:

- 23 (including 8 economists) are assigned to the Mutual Agreement Procedure – Advance Pricing Arrangement teams with the main responsibility of handling transfer pricing cases
- 5 are assigned to the Mutual Agreement Procedure – Technical Cases Team
- 18 are assigned to the Exchange of Information Services teams and are responsible for administering procedures, reporting requirements and other tasks of the CASD.

When the CRA receives a MAP request from a taxpayer, the request is registered in a tracking system and assigned to one of the four MAP – APA sections or to the MAP – Technical Cases Section. The MAP case is then assigned to a lead analyst, who is responsible for the review, analysis, negotiation and resolution of the MAP case. If needed, the analyst may ask for help from economists, Income Tax Rulings Directorate, Legislative Policy Directorate, or from legal counsel with the Department of Justice Canada.

The international auditors at the TSOs also play an important role in the MAP process. Where a MAP case arises from Canadian-initiated audit adjustments, international auditors provide the lead analyst with background information, working papers and the rationale for audit adjustments. Where a MAP case arises from foreign-initiated audit adjustments, the international auditors assist the lead analyst by reviewing the adjustments and providing the analyst with information and feedback.

Taxpayers may choose to represent themselves or authorize a representative to pursue a MAP request for them. Taxpayers, or their representatives, are involved to the extent that the CRA may ask for more information during a MAP process, and such co-operation is needed to resolve a case.



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# A BRIEF HISTORY OF THE MAP PROGRAM IN CANADA

The MAP program dates back to Canada's first tax treaty in 1942. That treaty, (which contained a MAP provision) was with the United States. Published taxpayer guidance dates back to 1971, with the release of Information Circular 71-17. This information circular has been revised several times, and the CRA now operates under Information Circular 71-17R5, [Guidance on Competent Authority Assistance Under Canada's Tax Conventions](#), dated January 1, 2005.

The number of MAP requests in Canada has grown steadily over the years. The CASD has continued reorganizing and implementing a number of initiatives to improve the quality and timeliness of services to taxpayers. These service improvements include the introduction of case management techniques to make sure that MAP requests are on schedule, as well as ongoing efforts to improve the bilateral process with other tax administrations.

## CURRENT STATE OF THE MAP PROGRAM IN CANADA

### Recent developments

Canada has recently conducted treaty negotiations with various jurisdictions. In particular, a new treaty between Canada and Israel, and a Tax Arrangement between the Trade and Economic Offices of Canada and Taiwan, entered into effect in 2017. An exchange of notes concerning the application of the arbitration provisions of Canada's tax treaty with the United Kingdom entered into force on December 21, 2016. Canada also signed treaties with Belgium, Lebanon, Madagascar and Namibia, for which the entry into force is still pending as of late 2017. Negotiations to update Canada's tax treaty with Germany and Switzerland are on-going. Negotiations have also commenced for the conclusion of a tax treaty between Canada and the Republic of San Marino.

Canada is an active member of the MAP Forum of the Forum on Tax Administration (FTA) and participated in an FTA peer review process. Canada provided detailed peer input to other jurisdictions in the framework of their peer review and made constructive suggestions on how to improve process with the concerned assessed jurisdictions. Canada also provided peer input on best practices for other jurisdictions. Furthermore, Canada was part of the first batch of countries subject to the MAP peer review. [The final report \(for Canada\)](#) concluded that overall Canada meets most of the elements of the Action 14 minimum standard. Where deficiencies were noted, the CRA is working to address them. The OECD also published [best practices for Canada](#).

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The Canada Revenue Agency is updating its MAP guidance and will issue an updated version of IC71-17R5, [Guidance on Competent Authority Assistance Under Canada's Tax Conventions](#).

## TIMELINE: GENERAL

When a case involves negotiation with another tax administration, every effort is made to resolve the convention tax issue as quickly as possible.

The target for resolving a case is 24 months. However, there are many factors beyond the CRA's control, which may result in this target not being met. Factors include the co-operation and timely receipt of information from the taxpayer, the complexity of an issue, the time that the other competent authority needs to review and respond to a position paper, and the willingness of both competent authorities to adopt reasonable negotiating positions.

The CRA has a system that tracks and measures performance for MAP cases among other types of cases. The system can measure the average time to do the following:

- issue letters after a request is received
- develop a position paper
- negotiate and conclude a case

This report includes statistics on the average time to complete negotiable cases. See page 9.

The CRA continues to enhance its management system to follow new developments of the [MAP statistic reporting framework](#) (the "framework") to monitor the timelines for MAP cases.

### Timeline: negotiable MAP case completions

Beginning in 2016, MAP reporting has been done for calendar years instead of fiscal years. This is in line with the new framework for reporting purposes. This report shows previous fiscal year data for comparative purposes, and it shows the 2016 data for the calendar years.

The table below shows the average time (in months) needed to complete MAP negotiable cases (Canadian-initiated and foreign-initiated) in the last four fiscal years and the 2016 calendar year.

Table 1

Period	2012–13	2013–14	2014–15	2015–16	2016*
Canadian-initiated	26.13	22.63	25.75	28.75	20.41
Foreign-initiated	21.93	30.9	33.31	28.13	23.58
Target	24.00	24.00	24.00	24.00	24.00

\*2016 – Shows the change in reporting from fiscal year to calendar year.

As a result of requirements under the framework, 2016 completed MAP cases were categorized as either pre-2016, referring to cases that were received before January 1, 2016, or post-2015, referring to cases that were received after December 31, 2015. The statistical analysis shows the results for pre-2016 and post-2015 cases completed in 2016.

The 2016 calendar year times above include the completion of the pre-2016 and post-2015 negotiable MAP cases. There were 160 MAP cases closed during the 2016 calendar year, of which 119 have a start date before 2016 and 41 have a start date in 2016. To calculate the average time taken to resolve pre-2016 MAP cases, the date of filing of the MAP request was the start date, and, the date of the closing letter sent to the taxpayer was the end date.

The framework requires time reporting by different stages. These stages are as follows:

**Start to end:** This is the time elapsed between the start date and the end date

**Received to start:** This is the time from the moment when a request is received until the start date

**Start to position paper:** This is the time between the start date and when the position papers were sent by the CRA or received from a treaty partner

**Position paper to end:** This is the time between the position papers being sent by the CRA (or received from a treaty partner) and the end date.

The MAP program report will continue to follow the above-mentioned stages.

Under the [framework](#), the start date is generally five weeks from the receipt of a taxpayer's MAP request. The end date is the date of an official communication (typically in the form of a letter) from the competent authority to tell the taxpayer of the outcome of their request or the date the competent authority receives a notification that they have withdrawn their request.

## Pre-2016 negotiable MAP cases

The chart and table below show the average time (in months) taken to complete the various stages of cases during the 2016 calendar year for pre-2016 negotiable MAP cases. Also shown is the breakdown between Canadian-initiated and foreign-initiated cases.

Chart 1

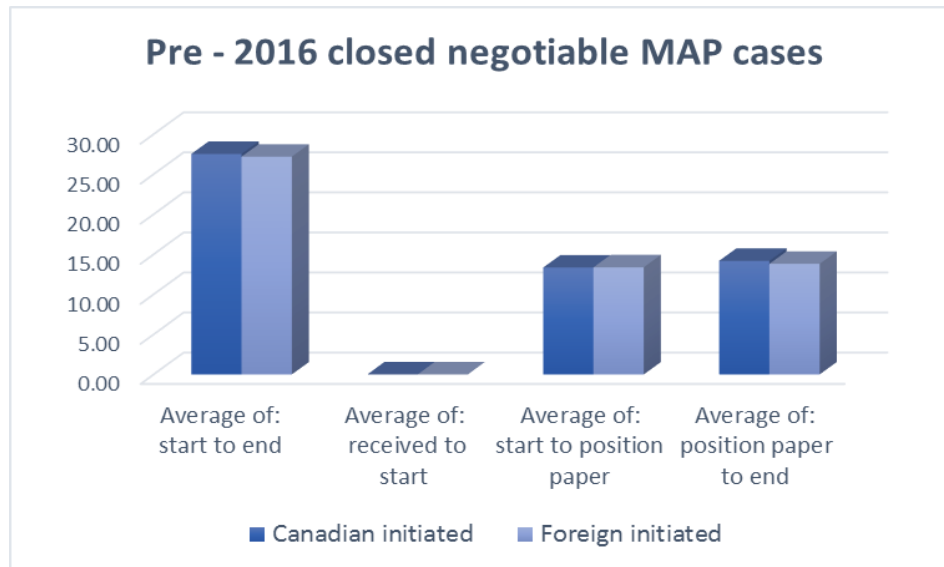


Table 2

Pre-2016 negotiable MAP cases				
	Average of: start to end	Average of: received to start*	Average of: start to position paper**	Average of: position paper to end**
Canadian-initiated	27.54	0.00	13.35	14.19
Foreign-initiated	27.19	0.00	13.38	13.81

\*The start date for pre-2016 cases is the same as the received date.

\*\*The average is calculated using cases where a position paper was sent or received.

On average, Canadian-initiated MAP cases were completed within 27.54 months and foreign-initiated MAP cases were completed within 27.19 months.

## Post-2015 negotiable MAP cases

The chart and table below show the average time (in months) taken to complete the stages of a case for post-2015 negotiable MAP cases during the 2016 calendar year. Also shown is a breakdown between Canadian-initiated and foreign-initiated cases.

Chart 2

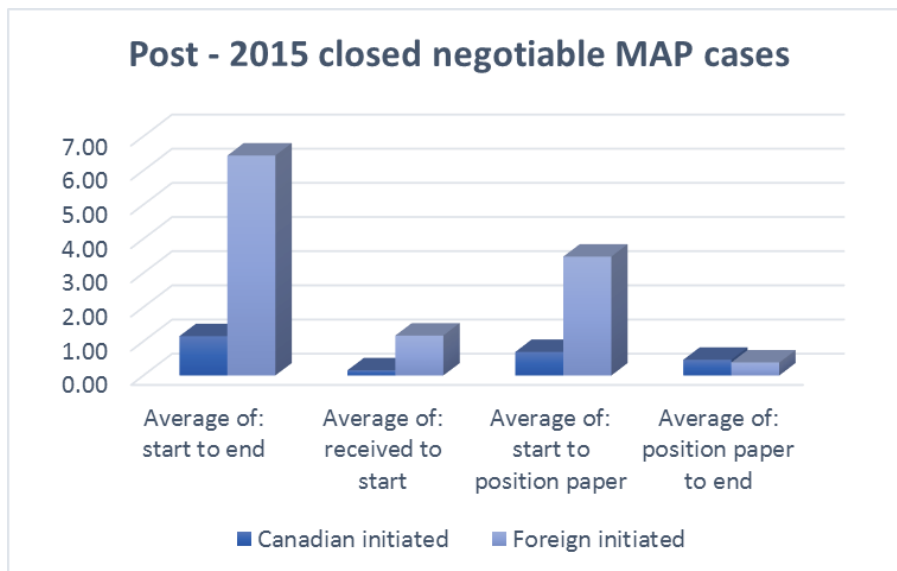


Table 3

Post-2015 negotiable MAP cases				
	Average of: start to end	Average of: received to start	Average of: start to position paper*	Average of: position paper to end*
Canadian-initiated	1.15	0.15	0.69	0.46
Foreign-initiated	6.44	1.17	3.48	0.38

\*The average is calculated using cases where a position paper was sent or received.

On average, Canadian-initiated MAP cases were closed within 1.15 months and foreign-initiated MAP cases within 6.44 months. The average time taken to resolve cases for post-2015 follows the framework.

In summary, of the 160 cases closed in 2016, there were 137 cases initiated by Canada and 23 cases initiated by other countries. On average, it took 20.87 months to resolve MAP cases, in 2016. For Canadian-initiated cases it took 20.41 months and for foreign-initiated cases, it took 23.58 months.

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## RESOLVING DOUBLE TAXATION

The CRA tries to set and maintain effective dispute resolution procedures with all of its treaty partners. This requires that tax administrations try to resolve cases in a fair and timely fashion. Although existing procedures generally work to provide full relief from double taxation, sometimes an agreement cannot be reached on a case.

Examples of situations for which there may be partial relief or no relief of double taxation:

- When not enough notification is given, or a tax year is statute-barred or becomes statute-barred during negotiations in either jurisdiction
- refusal of another tax administration to give full relief of a Canadian-initiated adjustment that has been settled through the Canadian domestic tax appeals process
- inability of another tax administration to vary an adjustment, due to its domestic tax rules
- the Canadian and foreign administrations cannot agree on the interpretation of an issue involving the treaty or a bilateral advance pricing arrangement
- a foreign adjustment that is not recognized for Canadian tax purposes such as a notional charge, or a Canadian adjustment not recognized by a foreign tax administration
- no response from another tax administration to Canada's request for a MAP
- residency issues where the Canadian and foreign administrations cannot agree on how to apply the tie-breaker rules
- refusal of a taxpayer to provide information requested by one or both tax administrations
- permanent establishment issues where the tax administrations cannot agree on what constitutes a permanent establishment.

## MAP RESULTS

The analysis of the MAP caseload relates to the calendar year period starting on January 1, 2016, and ending on December 31, 2016. During this period, 124 cases were started and 160 cases were closed. At the start of the period, there were 260 pending MAP cases, and at the end of the period there were 224 cases.

Of the 160 MAP cases closed in the 2016 calendar year, 116 cases (72%) resulted in full relief from double taxation upon negotiation, 16 cases (10%) resulted in unilateral relief granted, and the remaining cases were closed with other outcomes. The following chart shows the outcomes and percentages for each category of closed case:

Chart 3

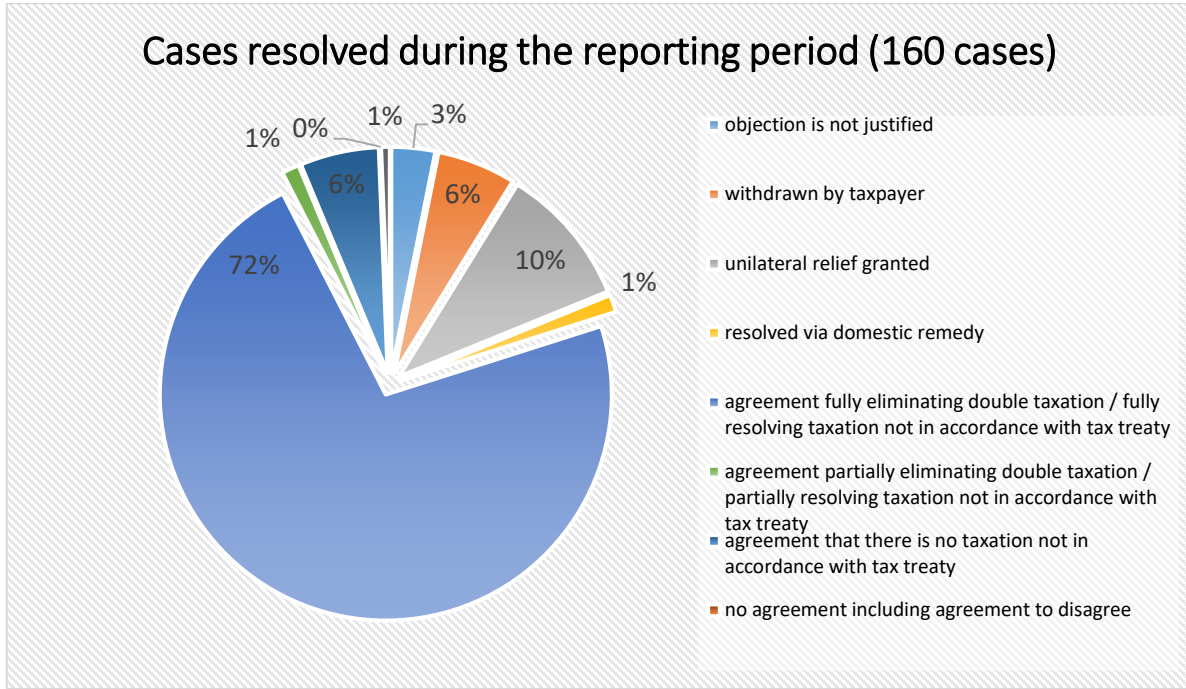


Table 4

Category of cases	Total: number of total cases (pre-2016 and post-2015) closed during the reporting period by outcome:								
	Objection is not justified	Withdrawn by taxpayer	Unilateral relief granted	Resolved via domestic remedy	Agreement fully eliminating double taxation / fully resolving taxation not in accordance with tax treaty	Agreement partially eliminating double taxation / partially resolving taxation not in accordance with tax treaty	Agreement that there is no taxation not in accordance with tax treaty	No agreement including agreement to disagree	Any other outcome
Attribution/ allocation	3	5	15	0	113	2	2	0	1
Other	2	4	1	2	3	0	7	0	0
Total	5	9	16	2	116	2	9	0	1
Percentage	3%	6%	10%	1%	72%	1%	6%	0%	1%

According to the framework, an attribution/allocation case is a MAP case where the request relates to the attribution of profits to a permanent establishment or the determination of profits between associated enterprises. This is also known as a transfer pricing MAP case.

Any MAP case that is not defined as an attribution/allocation MAP case is defined as **other**. This may include requests involving juridical double taxation. This is taxation contrary to a convention where either the mutual agreement procedure is required to resolve an issue (for example the taxation of pension and annuities or other income) or a permanent establishment determination is required.

The following two tables segregate the number of MAP cases closed by pre-2016 and post-2015.

Table 5

Category of cases	Number of pre-2016 cases closed during the reporting period by outcome:								
	Objection is not justified	Withdrawn by taxpayer	Unilateral relief granted	Resolved via domestic remedy	Agreement fully eliminating double taxation / fully resolving taxation not in accordance with tax treaty	Agreement partially eliminating double taxation / partially resolving taxation not in accordance with tax treaty	Agreement that there is no taxation not in accordance with tax treaty	No agreement including agreement to disagree	Any other outcome
<b>Attribution/allocation</b>	3	3	14	0	79	2	2	0	1
<b>Other</b>	0	4	1	0	3	0	7	0	0
<b>Total</b>	3	7	15	0	82	2	9	0	1



Table 6

Category of cases	Number of post-2015 cases closed during the reporting period by outcome:								
	Objection is not justified	Withdrawn by taxpayer	Unilateral relief granted	Resolved via domestic remedy	Agreement fully eliminating double taxation / fully resolving taxation not in accordance with tax treaty	Agreement partially eliminating double taxation / partially resolving taxation not in accordance with tax treaty	Agreement that there is no taxation not in accordance with tax treaty	No agreement including agreement to disagree	Any other outcome
Attribution/allocation	0	2	1	0	34	0	0	0	0
Other	2	0	0	2	0	0	0	0	0
<b>Total</b>	2	2	1	2	34	0	0	0	0

## PROGRAM STATISTICS

The table below shows the number of cases, including non-negotiable cases that were accepted and completed for the fiscal years 2012–2013 through 2015–2016, and for the 2016 calendar year.

Table 7

Total MAP cases accepted, completed and outstanding				
Period	Beginning inventory	Accepted	Completed	Ending
2016*	563	288	281	570
2015–2016**	521	339	288	572
2014–2015	344	347	170	521
2013–2014	315	309	280	344
2012–2013	312	279	276	315

\*Statistics for 2016 calendar year.

\*\*Unpublished statistics for the 2015-2016 fiscal year are shown for comparison purposes.

## MAP CASES BY TYPE

The following table shows the acceptance and completion of MAP requests by type, negotiable and non-negotiable, and by year, for the period 2012 to 2016.

Negotiable cases require bilateral negotiations with another tax administration to resolve double taxation or taxation not in accordance with an income tax convention.

Non-negotiable cases are resolved by an agreement between Canada's competent authority and taxpayers. These cases do not involve another tax administration.

Table 8

Acceptance and completion of MAP cases						
Period	Negotiable		Non-negotiable		Total	
	Negotiable accepted	Negotiable completed	Non-negotiable accepted	Non-negotiable completed	Total accepted	Total completed
2016*	124	160	164	121	288	281
2015–2016**	98	100	241	188	339	288
2014–2015	130	115	217	55	347	170
2013–2014	127	105	182	175	309	280
2012–2013	127	114	152	162	279	276

\*Statistics for 2016 calendar year.

\*\*Unpublished statistics for the 2015-2016 fiscal year are shown for comparison purposes.

### Negotiable MAP cases by category

The following table shows a breakdown by category for negotiable cases for the 2016 calendar year:

Table 9

Negotiable MAP cases by category				
	Opening inventory	Accepted	Completed	Ending inventory
Attribution / Allocation	223	100	141	182
Other	37	24	19	42
<b>Total</b>	<b>260</b>	<b>124</b>	<b>160</b>	<b>224</b>

As shown in the table above, most negotiable MAP cases involve the resolution of double taxation between associated enterprises.

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## Negotiable MAP cases completed: foreign-initiated and Canadian-initiated

The following table shows a breakdown of completed cases resulting from foreign-initiated and Canadian-initiated audit adjustments:

Table 10

<b>Period</b>	<b>Foreign initiated audit adjustments</b>	<b>Canadian initiated audit adjustments</b>	<b>Total</b>
2016*	23	137	160
2015–2016**	22	78	100
2014–2015	26	89	115
2013–2014	13	92	105
2012–2013	9	105	114

\*Statistics for 2016 calendar year.

\*\*Unpublished statistics for the 2015-2016 fiscal year are shown for comparison purposes.

## Negotiable MAP cases completed for industry and individuals

Table 11

Industries and individuals for calendar year 2016				
Industry	Pre-2016	Post-2015	Total	Percentage
Arts and entertainment	5	1	6	4%
Auto and other transportation equipment	13	0	13	8%
Chemical and allied industries	8	0	8	5%
Clothing and textile	5	0	5	3%
Computer and electronics	11	31	42	26%
Construction equipment and materials	8	0	8	5%
E-commerce	3	1	4	3%
Finance and insurance	4	0	4	3%
Food and beverage	8	0	8	5%
Health	8	2	10	6%
Machinery	1	0	1	1%
Management, administrative services	5	1	6	4%
Metals and minerals	4	1	5	3%
Petroleum	8	0	8	5%
Retail trade	6	0	6	4%
T1 (income tax for individuals)	9	4	13	7%
Technical, scientific and professional services	5	0	5	3%
Transportation and warehousing services	5	0	5	3%
Wholesale trade	3	0	3	2%
<b>Total</b>	<b>119</b>	<b>41</b>	<b>160</b>	<b>100%</b>

### Note

Requests from individuals generally involve issues related to taxation contrary to a convention.

## Negotiable MAP cases completed by transfer pricing methodology

Table 12

Transfer pricing methodology for calendar year 2016				
	Pre-2016	Post-2015	Total	Percentage
Cost/ cost plus	14	0	14	9%
CUP/CUT	11	0	11	7%
Profit split	1	0	1	1%
Resale price	2	0	2	1%
TNMM: berry ratio	1	0	1	1%
TNMM: operating margin	67	35	102	64%
TNMM: total cost plus	4	0	4	2%
Not applicable *	19	6	25	15%
<b>Total</b>	<b>119</b>	<b>41</b>	<b>160</b>	<b>100%</b>

\* If a MAP case involves an issue of taxation contrary to a convention, a transfer pricing methodology generally does not apply.

For more information about transfer pricing methodologies, see Information Circular 87-2, [International Transfer Pricing](#).

## Non-negotiable MAP cases by category

Table 13

2016 calendar year	Category			
	Opening inventory	Accepted	Completed	Ending inventory
Pensions	268	148	93	323
Gains	3	24	22	5
Other	19	5	6	18
<b>Total</b>	<b>290</b>	<b>177</b>	<b>121</b>	<b>346</b>

The **Pensions** category involves elections under the Canada – United States convention on taxing income and capital to defer the taxing of undistributed accrued pension income.

The **Gains** category includes deferred-gains agreements for all treaties and the application of the transitional rule in the Canada-United States convention on taxing income and capital.

The **Other** category generally includes all other assistance and advice given to taxpayers and other areas of the CRA, including matters of miscellaneous rules, estate rollovers and American “S” corporations.

## Ending inventory: Canadian-initiated vs foreign-initiated

The following table shows the ending inventory of 224 cases, categorized by Canadian-initiated or foreign-initiated, maintaining the distinction between post-2015 cases and pre-2016 cases:

Table 14

December 31, 2016, ending inventory								
	Pre-2016		Post-2015		Total			
	Attribution	Other	Attribution	Other	Attribution	Other	All cases	%
Canadian-initiated	94	13	48	10	142	23	165	74%
Foreign-initiated	25	9	15	10	40	19	59	26%
<b>TOTAL</b>	<b>119</b>	<b>22</b>	<b>63</b>	<b>20</b>	<b>182</b>	<b>42</b>	<b>224</b>	<b>100%</b>

Of the 224 cases open on December 31, 2016, 74% were Canadian-initiated, and 26% were foreign-initiated. Most of the foreign initiated cases are with the United States.

## Ending inventory by industry

The 224 MAP cases in the division's ending inventory relate to many industries, with significant representation in the industries of health (15%), construction and equipment materials industries (12%), and personal tax (11%).

The following table shows the ending inventory of 224 cases, categorized by industry and individuals:

Table 15

December 31, 2016, ending inventory		
	Total	
	Cases	%
Auto and Other Transportation Equipment	14	6%
Chemical and Allied Industries	8	4%
Computer and Electronics	11	5%
Construction Equipment and Materials	26	12%
Finance and Insurance	14	6%
Food and Beverage	7	3%
Health	33	15%
Machinery	9	4%
Management, Administrative Services	5	2%
Metals and Minerals	21	9%
Petroleum	11	5%
Retail Trade	8	3%
T1 (income tax for individuals)	25	11%
Technical, Scientific and Professional Services	8	4%
Transportation and Warehousing Services	8	4%
Wholesale Trade	4	2%
Other *	12	5%
<b>Total</b>	<b>224</b>	<b>100%</b>

\* Includes cases in several other industries, such as arts and entertainment, clothing and textile, as well as wood and paper.

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# HOW TO CONTACT THE COMPETENT AUTHORITY SERVICES DIVISION

If you have comments or questions about this report or the services offered by the Competent Authority Services Division, please contact the division:

- by phone, at one of the numbers listed above,
- by fax, at 613-990-7370,
- by email, at MAP-APA/PAA-APP.CPB/DGPO@cra-arc.gc.ca,
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