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## Canadian and U.S. Tax Laws: A Review of 2019 and a Look Ahead to 2020

In our annual Tax Review and Outlook report, we look back at significant developments that shaped the Canadian and U.S. tax landscapes in 2019 and offer our predictions on what to expect in the year ahead.

### Key Canadian Developments in 2019

- Proposed changes to the employee stock option rules were introduced that would limit preferential personal income tax treatment.
- Implementation of the Multilateral Instrument will affect many of Canada's bilateral income tax treaties.
- Other legislative and administrative changes will affect post-mortem estate planning, the foreign affiliate dumping rules and the taxation of mutual fund trust investors.
- Important decisions were rendered on CRA's audit powers and the tax treatment of derivatives.
- Two Canadian companies reorganized to domicile in the United States, purportedly to gain better access to U.S. financial markets.

### Key U.S. Developments in 2019

- IRS issued proposed and final regulations providing guidance on numerous new provisions in the *Tax Cuts and Jobs Act*.
- IRS issued final regulations on new rules for tax audits of partnerships with only minor changes to the proposed regulations issued in 2018.
- IRS issued long-awaited proposed regulations on the exemption from FIRPTA for qualified foreign pension funds that was enacted as part of the PATH Act of 2015.
- Adoption by almost all states that impose a sales or use tax of the "substantial virtual connection" nexus standard for online retailers without a physical presence in the state accepted by the U.S. Supreme Court in 2018.
- Potential retaliation by President Trump's administration for countries that enact a digital sales tax that adversely affects large U.S. companies.

For an in-depth review of these and other issues, read our analysis.

[Canadian Tax Review and Outlook](#)

[U.S. Tax Review and Outlook](#)

Key Contacts: [R. Ian Crosbie](#), [Bobby J. Sood](#), [Elie Roth](#), [Michael N. Kandev](#) and [Peter Glicklich](#)

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