
Tax Court of Canada rules in favor of Cameco in transfer pricing case

September 28, 2018

In brief

On September 26, the Tax Court of Canada (TCC) published its decision in *Cameco Corporation vs. Her Majesty the Queen*. This case involves a long-running dispute between Cameco and the Canada Revenue Agency (CRA) relating to transfer pricing adjustments made by the CRA to Cameco's 2003, 2005, and 2006 taxation years.

In detail

The adjustments at issue related to the prices used for purchase and sale of uranium contracts involving Cameco, its Swiss- and US-based foreign subsidiaries, and third parties. The CRA argued that Cameco's Swiss subsidiary performed few, if any, valuable functions during the years under appeal. Accordingly, the CRA asserted Cameco should be reassessed under either the sham doctrine or the Income Tax Act's transfer pricing recharacterization rule

(paragraphs 247(2)(b) and (d)), as well as under paragraphs 247(2)(a) and (c), the more typically employed transfer pricing rule.

The Court found in favor of Cameco, dismissing the main arguments presented by the CRA and concluding that the transactions and events surrounding the years in question (1) were not a sham, (2) were carried out for the bona fide purpose of earning profit, and (3) had terms and conditions that would have

transpired between arm's-length parties under the same or similar circumstances. Consequently, the transfer pricing reassessments for each of the taxation years were dismissed. The CRA has the right to appeal to the Federal Court of Appeal.

A more detailed PwC analysis relating to the facts of the case, the Court's judgment, and our key takeaways will follow.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

Transfer Pricing

Fabio Bojorquez, *Montreal*
+1 514 205 5169
fabio.bojorquez@pwc.com

Gord Jans, *Toronto*
+1 416 815 5198
gordon.r.jans@pwc.com

Shiraj Keshvani, *Toronto*
+1 416 687 8524
shiraj.keshvani@pwc.com

Transfer Pricing Global, Americas, and US Leaders

Isabel Verlinden, *Brussels*
Global Transfer Pricing Leader
+32 2 710 44 22
isabel.verlinden@be.pwc.com

Horacio Peña, *New York*
Americas Transfer Pricing Leader
+1 646 471 1957
horacio.pena@pwc.com

Paige Hill, *New York*
US Transfer Pricing Leader
+1 646 471 5192
paige.hill@pwc.com

Stay current and connected. Our timely news insights, periodicals, thought leadership, and webcasts help you anticipate and adapt in today's evolving business environment. Subscribe or manage your subscriptions at: pwc.com/us/subscriptions

Tune into **TP Talks**, PwC's global Transfer Pricing podcast series. Listen to PwC professionals sharing perspective and the latest insights on today's key transfer pricing developments around the world.

SOLICITATION

© 2018 PwC. All rights reserved. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.

This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 158 countries with more than 236,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com.