

6.49

The formula for measuring the profits available for withdrawal contains a deduction for profits invested in land and depreciable assets. This deduction would be placed on a basis that took into account the depreciation of those assets, and a deduction would be added to recognize the need for working capital.

Recommendation

Approved on the basis of the Committee's understanding that the rate will depend on whether or not the company is a resident of a country with which Canada has a treaty.