Selected US Tax Developments
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US REIT DISTRIBUTIONS UNDER THE FIFTH PROTOCOL
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The new fifth protocol to the Canada-US income tax treaty, which entered into force on December 15, 2008, contains a number of important changes, including the expansion of situations in which dividends from US real estate investment trusts qualify for reduced withholding taxes. The authors discuss how these changes, along with recent statutory changes to the real estate investment trust rules, could encourage Canadians to invest in US real estate.

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1 The protocol entered into force on December 15, 2008. With some exceptions, the provisions of the protocol relating to taxes withheld at source apply to amounts paid or credited after February 1, 2009; in respect of other taxes, the protocol is effective for taxable years beginning after December 31, 2008.

2 The Convention Between Canada and the United States of America with Respect to Taxes on Income and on Capital, signed at Washington, DC on September 26, 1980, as amended by the