

Trivers  
12.04.18  
RR

PRINCE EDWARD ISLAND LEGISLATIVE ASSEMBLY



TABLE  
Documents from  
Nov 18<sup>th</sup> 2015  
with email chain  
involving senior government  
officials and  
John Eden

Speaker: Hon. Francis (Buck) Watts Hansard, Public

First Session of the Sixty-fifth General Assembly

Wednesday, 18 November 2015

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**From:** John Eden <john@discoverygarden.ca>  
**To:** "Brad Mix" <bdmix@gov.pe.ca>  
**Date:** 11/19/2015 10:48 AM  
**Subject:** Re: Scanned image from Government Members

hope this dies, but this is the discussion point the ppt bullet would be around

<http://www.brightjourney.com/q/cost-plus-structure-international-subsidiaries>

John Eden | CEO | discoverygarden inc.  
 Charlottetown, Prince Edward Island, Canada | C1A 1G4  
 Phone | 902- 213-0777  
 Skype | john.eden360

On 2015-11-18, at 4:49 PM, "Brad Mix" <bdmix@gov.pe.ca> wrote:

>

> From: "Brad Mix" <bdmix@gov.pe.ca>  
 > Subject: Fwd: Scanned image from Government Members  
 > Date: 18 November, 2015 4:49:58 PM AST  
 > To: <john@discoverygarden.ca>

>

>

>

> From: "Andrew Sprague" <asgsprague@gov.pe.ca>  
 > Subject: Fwd: Scanned image from Government Members  
 > Date: 18 November, 2015 4:00:53 PM AST  
 > To: "Brad Mix" <BDMIX@gov.pe.ca>, "Cheryl Paynter" <clpaynter@gov.pe.ca>

>

>

> as discussed

>

>

> Andrew Sprague  
 > Senior Communications Officer/Agent principal des communications  
 > Prince Edward Island Department of Economic Development and Tourism/Ministère de Développement  
 économique et du Tourisme de l'Île du Prince Édouard  
 > (902)368-5535  
 > asgsprague@gov.pe.ca  
 > >>> governmentmembers@assembly.pe.ca <governmentmembers@assembly.pe.ca> 11/18/2015 3:43  
 PM >>>

> Reply to: governmentmembers@assembly.pe.ca <governmentmembers@assembly.pe.ca>

> Device Name: Government Members

> Device Model: MX-5141N

> Location: 175 Richmond st ctown pei

>

> File Format: PDF (Medium)

> Resolution: 200dpi x 200dpi

>

> Attached file is scanned image in PDF format.

> Use Acrobat(R)Reader(R) or Adobe(R)Reader(R) of Adobe Systems Incorporated to view the document.

> Adobe(R)Reader(R) can be downloaded from the following URL:

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## Cost-plus structure for international subsidiaries



We have several international subsidiaries setup to serve as sales offices. In setting these up we evaluated whether to set them up as resellers (they purchase the product from us and sell to customers) or as cost-plus entities (they are basically a service entity and get a fixed margin).

In the end we decided to set these up as cost-plus entities because we were not sure they could generate a profit as resellers which would cause a problem with the foreign tax authorities.

When a large company does this they will do a transfer pricing study (or have an accounting firm do one) to determine the right cost-plus structure to use but we don't want to go to that expense so we constantly worry about whether the "plus" we're using is ok. In some countries it seems like 5% is OK in others we're using 7% and it raises concerns with our accountants.

Does anyone have experience creating their own rationale for justifying their cost-plus basis? Or, does anyone have a sample transfer pricing study for software?

[Tax \(/t/tax/1\)](#)   [International \(/t/international/1\)](#)

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asked Nov 16 '09 at 13:45  
 [Dane \(/u/dane\)](#)  
**1,866** points

[Add Comment \(/q/cost-plus-structure-international-subsidiaries/comments/new\)](#)

## 2 Answers



It depends on how competitive the markets are... The US market for example is more competitive than the European market which means that higher prices can be charged over seas...

Also, these terms are to be negotiated with your subs... If both sides agree to a price, then by definition it is a fair price.

If you have more of the product than you can sell locally, or that your margins abroad are better than the local ones, then it makes sense to use subs and sell internationally. You should sell where it is most profitable once you take into consideration the strategic value of selling to other markets. By strategic value I mean that there is an added value to selling in some markets. If for example you managed to sell electronics in Japan, then advertising that you can sell to the Japanese is valuable, since they are known for being very demanding customers for electronics and that it is very hard for foreigners to sell there. If you managed to do that, it could increase your local sales as well.

Why are the accountants concerned?

Share Report

answered Nov 16 '09 at 18:56



Ron Ga (/u/ronga)  
2,181 points

So the reason we create the entities is to prevent the parent from having a permanent establishment in the foreign country so the accounts concern is whether we are allocating profits for tax purposes properly. I'm trying to build a case for the model we have without going to that expense. Normally you would do this by doing an independent benchmark analysis of other companies in the same market but that's expensive (\$50K) and we're too small to justify that. – Dane (/u/dane) 8 years ago

Add Comment (/nr/a/3687/comments/new)



According to tax treaties, having a sales man on site is not enough to be considered a permanent presence for income tax purposes. Just make sure there is a tax treaty between your country and the country your sales person is in. Why do you not consider the foreign site as an all loss expenditure. And all sales are made from the main office and exported to the country of sale.

Share Report

answered Jan 3 '12 at 20:34



Alexandre H. Tremblay (/u/alexandre-h-tremblay)  
186 points

Add Comment (/nr/a/34372/comments/new)

## Your Answer

**Bold** *Italic* • Bullets 1. Numbers Quote Link

Post Answer

**Not the answer you're looking for?** Ask your own question (/q/new) or browse other questions in these topics:

Tax (/t/tax/1) International (/t/international/1)

① Gov't ~~request~~: out-of-kind, not us; distant  
↳ offshored financing advice/recommend

② ~~Asked for advice from~~ CEO of Discovery  
Sent to  
Gender ~~to~~: why? help France?  
↳ point on e-gaming advice? 'stronger father'  
points 3

③ ~~Edelman~~ ~~Promin's~~ ~~Company~~ promoting company  
he is invested in

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**From:** John Eden <john@discoverygarden.ca>  
**To:** BDMIX@gov.pe.ca  
**CC:** JEALFORD@gov.pe.ca  
**Date:** 10/29/2015 2:48 PM  
**Subject:** Re: Meeting and tour with Sheldon Levy - October 30

no problem .. cant promise i will have a full house here at 4 on a friday though . : )  
but i will be here

John Eden | CEO | discoverygarden inc.  
Charlottetown, Prince Edward Island, Canada | C1A 1G4  
Phone | 902- 213-0777  
Skype | john.eden360

On 2015-10-29, at 2:41 PM, Brad Mix <BDMIX@gov.pe.ca> wrote:

> Thanks John, I appreciate your help, I owe you.  
>  
> Promise the tour will not take much time.  
>  
> >>> John Eden <john@discoverygarden.ca> 10/29/2015 2:39 PM  
> sure .. they can come at 4 ...  
> do you know Cody is bringing someone here at 1 already?

>  
>  
>  
> John Eden | CEO | discoverygarden inc.  
> Charlottetown, Prince Edward Island, Canada | C1A 1G4  
> Phone | 902- 213-0777  
> Skype | john.eden360

> On 2015-10-29, at 2:13 PM, Brad Mix <BDMIX@gov.pe.ca> wrote:

>> Hi John,  
>> Sorry for the late notice on this request. The Premiers Office and the Department of Economic Development and Tourism have invited Mr. Sheldon Levy, current President and Vice Chancellor of Ryerson University ([https://en.wikipedia.org/wiki/Sheldon\\_Levy](https://en.wikipedia.org/wiki/Sheldon_Levy) ), to Prince Edward Island on Friday and Saturday of this week. The purpose of the visit is for Mr. Levy to view the business incubation environment in PEI and identify how it can be improved based on the Ryerson / DMZ model at Ryerson University.

>> Discovery Garden is a true success story and it would be great to give Mr. Levy a short tour of your space.

>> Are you available to provide Mr. Levy a short tour of your space at 4:00pm on Friday (tomorrow). Julie Alford and I will accompany Mr. Levy during the tour.

>> Please let me know your availability at bdmix@gov.pe.ca or 902-368-5957.

>> Again, I apologize for the short notice on this request and please let me know if you have any questions.

EMAIL  
CHAIN  
arranging visit

>>

>> Regards,

>> Brad

>>

>> -----

>>

>> Statement of Confidentiality

>>

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>> Déclaration de confidentialité

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>>

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>>

>> --

>

**From:** John Eden <john@discoverygarden.ca>  
**To:** BDMIX@gov.pe.ca  
**CC:** JEALFORD@gov.pe.ca  
**Date:** 10/30/2015 10:18 AM  
**Subject:** Re: Additional Tour attendees

ha ha ... that is funny  
 i can tell you that we may not have a full staff at 4 .. some may be drinking ... and some may have left early ..  
 i am not sure what you will walk into .. but I know all those folks except Minister MacDonald .. who is that?

John Eden | CEO | discoverygarden inc.  
 Charlottetown, Prince Edward Island, Canada | C1A 1G4  
 Phone | 902- 213-0777  
 Skype | john.eden360

On 2015-10-30, at 10:11 AM, "Brad Mix" <bdmix@gov.pe.ca> wrote:

> Hi John,  
 > I was just notified that The Premier, DM - Neil Stewart, Minister MacDonald & Paul Ledwell may also attend the Tour.  
 >  
 > Again I apologize for the short notice.  
 >  
 > Brad  
 >  
 > >>> Brad Mix 10/29/2015 2:41 PM >>>  
 > Thanks John, I appreciate your help, I owe you.  
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 > Promise the tour will not take much time.  
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Prince Edward Island

Île-du-Prince-Édouard

Trivers

12.04.18

RR

Legislative Assembly

Assemblée législative

Official Opposition Members' Office  
PO Box 338, Charlottetown PE  
Canada C1A 7K7

Bureau des membres de l'opposition officielle  
C.P. 338, Charlottetown PE  
Canada C1A 7K7

April 12, 2018

Hon. John A. McQuaid  
Conflict of Interest Commissioner  
P.O. Box 2000  
Charlottetown, PE  
C1A 7K7

Dear Commissioner,

I write to voice my concerns surrounding the actions of Premier Wade MacLauchlan and his government as it relates to companies in which the Premier has a financial stake in.

The Conflict of Interest Act states as follows:

9. Conflict of Interest

No member shall make a decision or participate in making a decision in the execution of the member's office if the member knows or reasonably should know that in the making of the decision there is an opportunity

- (a) to further the member's private interest; or
- (b) improperly to further another person's private interest. 1999,c.22,s.9.

Emails have recently been obtained under the Freedom of Information process. These emails show that the Office of the Premier invited a University President from Ontario down to tour DiscoveryGarden in Charlottetown. As you are aware, the Premier holds common voting shares in DiscoveryGarden. DiscoveryGarden's main corporate market is post-secondary institutions.

Furthermore, the Premier and his Deputy Minister both made arrangements to attend this site visit.

It is my belief that this action constitutes a Conflict of Interest.

Sincerely,

Brad Trivers, MLA  
Opposition Whip