



INTRODUCTION This article seeks to analyse the ruling of the Supreme Court of Canada (“SCC”) in the case of Canada vs. Alta Energy Luxembourg S.A.R.L.² (“the Ruling”). The key issue dealt with in this Ruling concerned the application of the Canadian General Anti-Avoidance Rule (“GAAR”) to a transaction which resulted in capital gains income which was sought to be claimed as exempt from taxation in Canada under the provisions of the tax treaty between Canada and Luxembourg entered into in 1999 (“the Canada-Lux Tax Treaty”). The case arose before the SCC since the Canadian tax authorities had preferred an appeal challenging the earlier decision of the Federal Court of Appeal. The SCC dismissed the appeal of the tax authorities and held that the GAAR could not be applied to the relevant tr.....