



Corporate tax alert

U.S. tax

The latest developments on the international tax provisions of the Tax Cuts and Jobs Act

As covered by the [7 November 2017 tax alert](#), the House Ways and Means Committee released, on 2 November 2017, the original bill of the Tax Cuts and Jobs Act (TCJA). On 6 November and 9 November 2017, the House Ways and Means Committee introduced amendments to the TCJA, which made certain changes and technical corrections to several provisions, including certain international tax provisions. The most notable international tax provision amendments include:

- Excise tax of 20% on certain payments made to non-US affiliates – the amendments now allow foreign tax credit (subject to limitations) to the foreign recipients of such income, in addition to the “deemed expenses” related to the specified income
- Income inclusion for foreign high returns - the amendments expand the category of “commodities gross income” exclusion under the “foreign high return amount”
- Transition Tax – the amendments increase the one-time tax on accumulated foreign earnings held in cash and non-cash assets to 7% and 14% respectively, from 5% and 12% previously

Furthermore, on 9 November 2017, the Senate released their draft of a tax reform bill, which is scheduled to be marked by the Senate Finance Committee the week of 13 November

2017. The Senate proposal is similar to the Ways & Means bill in many important respects. However, it has some key differences, including the 12.5% rate on a domestic corporation's foreign-derived intangible income, a proposal to encourage the domestication of intangible property, and several revenue raisers not found in the Ways & Means bill. Some of the major provisions of the Senate proposal include:

- Provide a 100% deduction for foreign-source dividends received from 10%-or-greater-owned foreign subsidiaries in tax years of subsidiaries beginning after 2017
- One-time Transition tax at 5% or 10% (cash versus non-cash assets) on foreign earnings that were still deferred as of 9 November 2017, "or other measurement date as appropriate," or were repatriated during the year to which the provision applies
- Tax at 12.5% for a U.S. shareholder of controlled foreign corporations (CFCs) on its "global intangible low-taxed income" (GILTI), an amount similar to the Ways & Means bill's "foreign high return amount"
- Tax imposed on "base erosion payments" paid or accrued by a taxpayer to a foreign related person
- Reduce the deduction for interest expense by the greater of (1) the amount by which the interest deductions exceed 30% of adjusted taxable income, or (2) the net interest expense a U.S. group would have if its debt/equity ratio were 110% of the overall ratio of its worldwide group

For more details please read the [full Global Tax Alert published by Deloitte U.S.](#)

Contacts

If you have any questions concerning the items in this alert, please contact your usual tax consultant at our Deloitte office in Belgium or:

- Andro Petrosovitch, apetrosovitch@deloitte.com, + 32 2 600 69 62
- Katia Tsai, kattsai@deloitte.com, +32 2 600 69 16
- Elitza Dimitrova, edimitrova@deloitte.com, +32 2 600 69 24

For general inquiries, please contact:
bedeloittetax@deloitte.com, + 32 2 600 60 00

Be sure to visit us at our website:
<http://www.deloitte.com/be/tax>



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, tax and legal, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte has in the region of 225,000 professionals, all committed to becoming the standard of excellence.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this communication, rendering professional advice or services. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2017. For information, contact Deloitte Belgium.

[Subscribe](#) | [Unsubscribe](#)