

Deloitte.



US Inbound Tax
Services

Business Imperative

Effectively integrating a US investment into your global portfolio has its share of challenges and potential opportunities, whether you are establishing a footprint in the US for the first time or have had a US presence for many years. Non-US-headquartered companies that invest in the US face a complicated tax system, including a wide array of federal, state, and local taxing jurisdictions. While the US federal income tax rate has decreased, without proper planning the US can end up being a high-cost tax jurisdiction.

The resulting tax complexity may put your company at risk for noncompliance or result in surprises in your total tax liability. A few prominent areas of risk include withholding obligations on cross-border payments, tax information reporting requirements, transfer pricing, and nexus issues in various states.

At the same time, a complex tax system may offer alternatives for companies to structure operations in tax-efficient ways. Each stage of the investment life cycle (Figure 1) presents potential opportunities with proper consideration of legal entity structure, location of operations, credits and incentives, financing structures, intercompany transaction flows, and M&A planning and structuring. Deloitte is highly qualified to assist your organization throughout the investment life cycle as you address the tax challenges and potential opportunities of your investment in the US.

Our approach

Deloitte's dedicated team of US Inbound Tax Services professionals work collaboratively and proactively to help you pursue your business objectives and explore options for structuring your investment in a tax-efficient manner and to help you comply with your obligations with confidence.

We start with questions such as: What are your short-and long-term strategies for operating in the US? Will you grow through acquisition or expand existing operations? Will you borrow to make the investment, and will you need to repatriate funds during the life of the investment? In which countries is your organization most profitable, and what is its past and present tax risk profile? Do you intend to in-source, co-source, or outsource some or all of your tax compliance functions? The answers to these questions help us focus on areas where we can help you add value to your organization.

We have broad knowledge of US federal, state, local and indirect tax rules to assist with the specific and complex tax requirements of non-US-headquartered organizations doing business in the US. We can access our global network of member firms to provide assistance in addressing the business needs and circumstances of your organization. Our professionals have a deep understanding of the specific attributes of US inbound companies and ways to help your organization pursue value and invest in the US with confidence.

A focus on value

To help bring value to your organization, we focus on helping you find ways to mitigate tax risks and structure tax efficient operations, all in the context of navigating the changing tax and regulatory environment.

Tax risk management—To understand and address areas that have the greatest risk exposure for your organization, we ask important questions about the people, processes, technologies, and data your organization uses to mitigate such risks. Some considerations include:

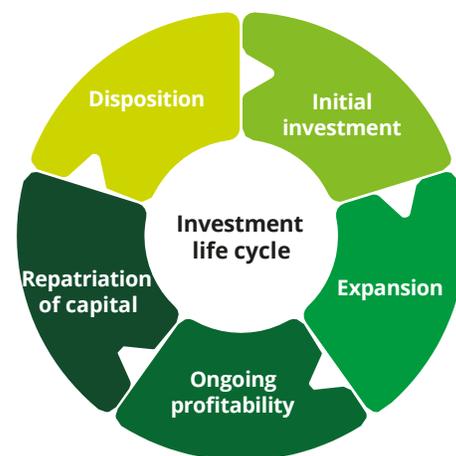
- Aligning your US investment with your global growth and tax planning

- Navigating the US's many overlapping yet separate tax laws, regulations, and treaties across multiple jurisdictions, including changes from recently enacted legislation
- Your analysis of tax, finance, and accounting systems necessary for effective tax data collection, storage, management, and availability for both tax compliance and planning purposes
- Completing required tax filings and tracking compliance across direct and indirect tax areas either through an in-house, co-source or outsource model

Tax-efficient operations—Many factors can impact the value of your US investment, so we assist you in finding ways to operate tax efficiently in areas such as:

- Investment form and finance structure and their alignment with tax laws
- Location and use of intellectual property and other assets
- Alignment of supply chain and transfer pricing strategies with your organization's tax profile
- Simplification of entities to consolidate filings and reduce administrative costs
- Integration of tax into M&A activities from initial planning through deal closing and beyond, including restructuring to address both inbound and outbound US tax risks
- Leveraging available US credits and incentives

Figure 1: Investment life cycle



A broad portfolio of services

Our services align with the business priorities of US inbound companies (Figure 2).

Figure 2: A representative sample of Deloitte's US Inbound Tax Services

| | | |
|--|--|---|
| Treasury and financing | <ul style="list-style-type: none"> • Leverage structures • Debt-equity considerations • Interest rate benchmarking • State tax considerations for debt push downs | <ul style="list-style-type: none"> • Cash repatriation • Related party payment considerations • Limits on deductions of intra-company costs • Hybrid entity/instrument alternatives |
| Compliance and reporting | <ul style="list-style-type: none"> • US Generally Accepted Accounting Principles/ International Financial Reporting Standards • Federal and state tax compliance • Sales and use tax • Excise and franchise tax • Tax controversies | <ul style="list-style-type: none"> • Information reporting • Foreign Account Tax Compliance Act • Foreign Investment in Real Property Tax Act • E&P/basis calculations • Permanent establishment/ ECI considerations |
| Expansion and M&A | <ul style="list-style-type: none"> • M&A diligence • Out from under planning • Legal entity simplification • Post-merger integration • Consolidated return planning • Sell side planning | <ul style="list-style-type: none"> • Credits and incentives • Nexus reviews • State strategic review • New markets tax credits • Water's edge elections/ unitary filings |
| Talent matters | <ul style="list-style-type: none"> • Compensation and benefits • Talent strategy • Global mobility planning | <ul style="list-style-type: none"> • Equity compensation plans • Business travelers |
| Business strategy and operating model | <ul style="list-style-type: none"> • International strategic tax review • Broad-based tax analysis • Transfer pricing • Intellectual property planning • Treaty considerations | <ul style="list-style-type: none"> • Customs • Value chain alignment • Foreign-derived intangible income planning • Base erosion and anti-abuse tax services |
| Turnaround and restructuring | <ul style="list-style-type: none"> • IRC § 382 analysis • Loss preservation • State tax loss utilization • Certificate of deposit Index | <ul style="list-style-type: none"> • Workforce realignments • Commercial & Industrial • Recapitalizations |
| Tax Department resource management | <ul style="list-style-type: none"> • Tax systems and automation • Tax data management and analytics | <ul style="list-style-type: none"> • Co-sourcing and outsourcing • Operating model analysis/Tax transformation consulting |

The Deloitte difference

Deloitte's US Inbound Tax Services group can help you effectively navigate the increasingly complex US and global tax environment thus helping you more positively impact your organization. We offer a broad knowledge of the US Internal Revenue Code and tax laws at the state and local levels. In addition, our group has deep specialization in the tax implications of

inbound US investments and related M&A transactions, as well as extensive US federal, state, and local government experience.

Our collaborative, proactive approach leverages geographic coverage, both within the US and internationally, thus promoting access to the specialized and extensive resources of Deloitte Tax LLP, its US affiliates, and the member firms of Deloitte Touche Tohmatsu Limited focused on serving non-

US multinationals investing in the US. Our clients benefit from the broad experience we have with tax issues and potential opportunities, as well as tax technology across multiple industries. Deloitte's Washington National Tax specialists provide insights into evolving legislative and regulatory activities.

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