



INTERNATIONAL TAX CONSULTING & COMPLIANCE SERVICES

Structuring of Foreign Investments (Outbound Advice)

Today, more and more companies are going international for expansion and survival. International expansion has been the governing drive of most multinational corporations for many years.



Coulter & Justus, PC provides practical cross-border tax planning strategies on structuring U.S. owned investments in foreign markets. We understand our client's specific business goals and objectives as they expand on a global basis and guide them through the complexities of cross-border tax laws and relevant business issues.

Whether our clients are at the start of a new foreign investment, planning additional foreign investments or desire to restructure and make it more tax efficient, our professionals tailor and employ business-driven structures and uncover planning opportunities that address their needs.

Our U.S. outbound tax planning strategies focus on number of factors that potentially affect foreign investment, including:

- Local country tax rules and comprehensive income tax treaties
- Client's foreign investment portfolio and foreign tax credits management
- Legal entity structure, per se corporations, hybrids, etc.
- Corporate and Partnership planning involving such matters as profitability and foreign loss planning, repatriation of profits, debt financing and restructuring, etc.
- Transfer Pricing analysis and advice regarding international activities, functions, and ownership risks of the U.S. company with related companies

Structuring of U.S. Investments (Inbound Advice)

Coulter & Justus, PC provides tailored inbound tax planning and compliance services to foreign companies and their related U.S. companies. Our experienced international tax professionals assist clients in understanding and navigating through the complexities of U.S. tax laws affecting foreign-owned U.S. companies.

Understanding that the U.S. tax regime can negatively affect non-U.S. companies, our professionals offer cross border tax planning strategies to the U.S. subsidiary and its foreign parent corporation in order to minimize their global effective tax rate while fulfilling their business needs.

Our U.S. Inbound tax planning strategies focus on a number of factors that potentially affect U.S. investments, including:

- The tax rules of the foreign jurisdiction where the foreign corporation is domiciled
- The foreign corporation's overall global tax position
- The foreign corporation's legal entity structure
- Corporate and Partnership planning involving such matters as profitability and foreign loss planning, repatriation of profits, debt financing and restructuring, etc.
- Transfer Pricing analysis and advice regarding international activities, functions, and ownership risks of the U.S. company with related companies

Tax Deferral Planning

Coulter & Justus, PC assists our clients with identifying the tax deferral planning that may be available in cross-border transactions. Tax deferral planning is one of the most important strategies utilized by U.S. multinationals and individuals to reduce their global effective income tax rate.

In general, the anti-deferral tax rules can apply when U.S. individuals, U.S. corporations, U.S. limited liability companies or partnerships composed of U.S. members or partners engage in foreign business or investment activities.

The deferral privilege is the provision of U.S. international income tax law that generally allows a U.S. person to conduct business activities abroad through a foreign corporation without paying U.S. tax on the corporation's foreign-source earnings until they are distributed or made available to the U.S. person, or the U.S. person sells the foreign corporation's stock.

To prevent abuse of the deferral privilege, Congress over the years has enacted anti-deferral tax regimes, which curtail deferral in certain specified circumstances. The Internal Revenue Code contains anti-deferral tax provisions relating to controlled foreign corporations (CFC's), and passive foreign investment companies (PFIC) that require their U.S. owners to include certain types of income (e.g. Subpart F income) of foreign companies in their U.S. taxable income on an annual basis, regardless of whether such income is repatriated to the U.S. owners as dividends.

In the area of tax compliance, our professionals can prepare all of the annual tax forms for U.S. taxpayers related to foreign investments permitting a seamless integration of tax planning and compliance functions with one advisory group.

Mergers, Acquisitions and Corporate Transactions

Coulter & Justus, PC assists our clients on tax issues related to multi-national mergers and acquisitions ("M&A"). We represent purchasers, sellers, financing sources, management, and advisors in a wide variety of transactions, including equity and asset acquisitions of both entire companies and subsidiaries or divisions.

Our multi-national M&A tax planning and compliance services include but are not limited to the following areas:

- Performing M&A tax due diligence
- Reviewing tax provisions in acquisition agreements
- Providing tax planning solutions in both the pre and post merger periods
- Advising on tax free and partially tax free acquisitive reorganizations, and
- Advising on tax divisive strategies including spin-offs, split-offs and split-ups
- Profitability and foreign loss planning
- Repatriation strategies
- Debt financing and restructuring
- Transfer pricing

The complex and technical tax planning issues and considerations addressed during the M&A period generally extends to the post M&A period after the acquisition is complete. Our professionals have the experience to advise and assist clients during the post M&A period as well.

Transfer Pricing



Coulter & Justus, PC provides comprehensive transfer pricing studies that permit our clients to minimize tax exposure, defend their U.S. tax return positions, and develop efficient cross-border transfer pricing practices. We understand "arms length" transfer pricing, how it is treated by various tax jurisdictions, and "best practices" for managing global policies and procedures.

Our experienced professionals perform a thorough transfer pricing study process involving:

- Identification of products/services transferred through a detailed review of related parties and related transactions
- Identification of best transfer pricing methodology for your particular business offering the most reliable measure of arm's length results
- Identification of reasonable arm's length price ranges
- Preparation of reports for compliance with the "best method rule", including supporting documentation, for each country of operation.

Our completed transfer pricing study report enables our clients to:

- Ensure that compliance requirements are satisfied, thereby minimizing the risk of transactional or net adjustment penalty exposure
- Identify future tax planning opportunities to minimize your overall global tax rate

Coulter & Justus, PC provides the needed transfer pricing experience and via our affiliate relationships, we can simplify the technical complexities our clients face with multiple overlapping tax jurisdictions. This is important because tax authorities are demanding stricter penalties, additional documentation requirements, increased information exchange, and increased audit inquiry activity.

In the area of tax compliance, our professionals can prepare all of the annual tax forms

- for U.S. taxpayers related to foreign investments and coordinate foreign country compliance reporting via our affiliate relationships permitting a seamless integration of tax planning and compliance functions,
- as well as those tax forms and other compliance reports related to a foreign corporation's U.S. investments permitting a seamless integration of tax planning and compliance functions with one advisory group.

Expatriate & Foreign National Planning and Compliance re International Transfers of Executives

There are a myriad of issues that arise when an employer dispatches an executive to work outside of his home country.

- The employer usually will want to know how to structure the employment relationship, what service allowances and perquisites it should pay the transferring executive during the assignment, and whether it is subject to new withholding or reporting requirements.
- The executive will typically want to know what his U.S. and foreign tax liabilities will be, whether he will be subject to social security withholding, and how he can remain a participant in his home country employee benefit plans.

When an executive goes on a long-term foreign assignment, he or she faces many complex issues. They involve potentially every aspect of the executive's professional and personal life, such as compensation, health benefits, retirement plans, income taxes, business expense reimbursements, housing, dependents' education, employment tax withholding, and estate planning. In the domestic context alone, these issues would be challenging enough. In the international context, the task is frequently daunting.

Coulter & Justus, PC is available to render tax planning and compliance services involving such matters as an in-depth and organized discussion of the principal planning issues the employer and the executive need to address, both from the standpoint of outbound executives (e.g., U.S. expatriates working abroad) as well as inbound executives (e.g., foreign nationals working in the U.S.). Through our affiliate relationships, we can coordinate foreign country compliance reporting permitting a seamless integration of tax planning and compliance functions.

Coulter & Justus, PC is an active member of EW and GMN International, alliances of leading independent accounting and consulting firms worldwide.



Through active participation in such organizations, we can coordinate our international service capabilities with over 130 member firms in 50 countries. Active membership in these international organizations supports the fluid exchange of technical resources, ideas, staff members and client referrals and services, both inbound and outbound, throughout the world.



For foreign taxation assistance or more information on U.S. International Taxation, e-mail **Tim Phillips** at **Coulter & Justus, PC**.

Sincerely,

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