Help! My client has international transactions

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global experience on your side

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This is a joint presentation by Hanne LeLoup of Hutchison & Bloodgood, LLP and Narelle MacKenzie

Agenda

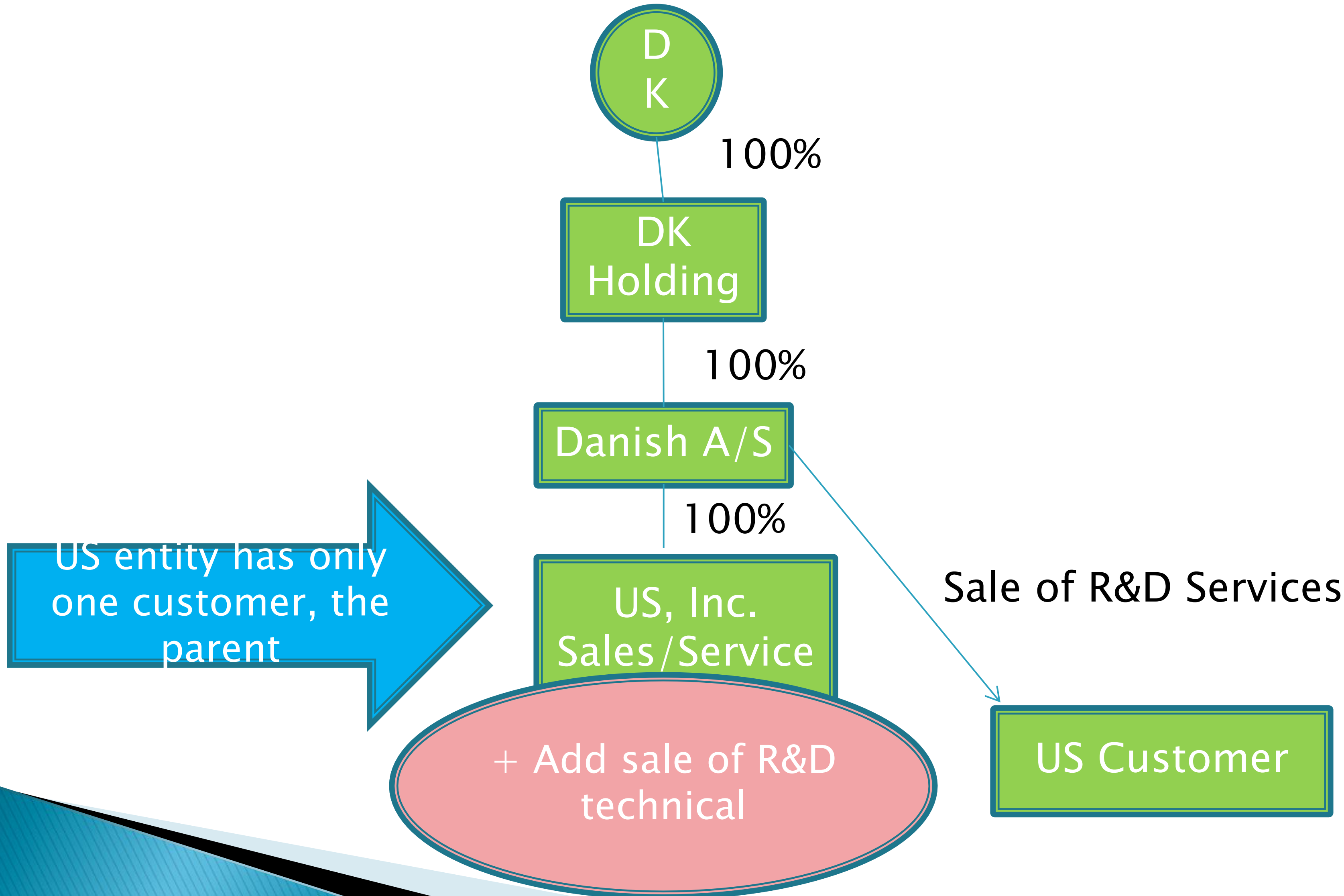
Objectives

By the end of this course you will:

- Gain an understanding of the tax issues for inbound transactions
- Discover which tax forms may need to be filed

Client situation #1

The International Structure



Issues to consider

- Does the parent sign customer contracts in the USA?
- Does the parent provide services in the USA?
- Is there a written services agreement between the US subsidiary and parent?
- Tax treaty
  - LOB provision
  - Dependent agent?
  - Is there a PE?

Issues to consider (cont.)

- Transfer pricing
  - Services
  - Contract R&D
  - Intercompany loans
- US withholding
  - Any payments subject to withholding?
  - Chapter 3 and Chapter 4 considerations
    - Form W-8BEN-E
    - Form 1042
- Income tax issues
  - Consider whether IRC sec. 267 applies to the transaction

Issues to consider (cont.)

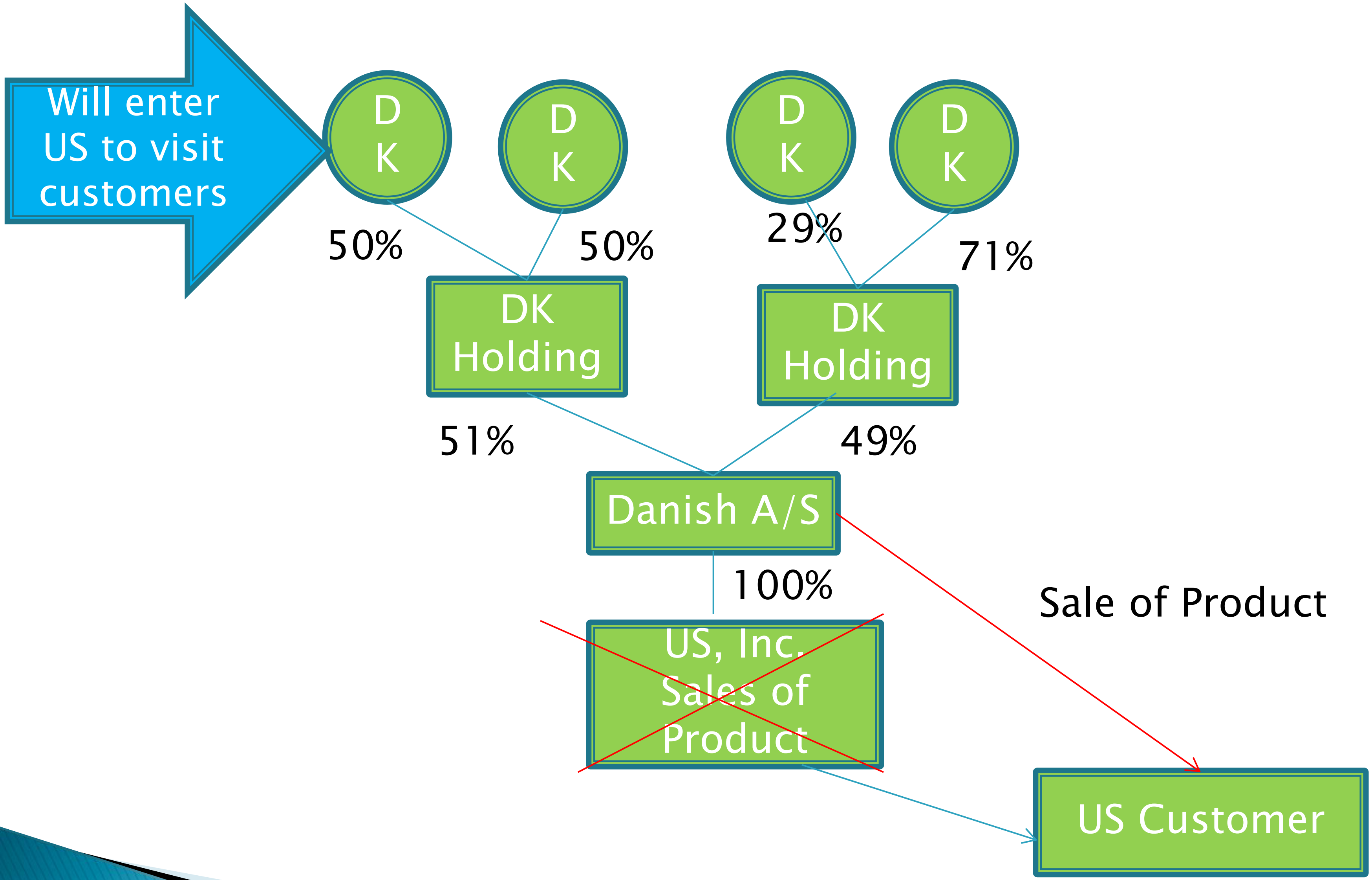
- State tax issues
  - Sales/use tax
  - Income tax
- Protective filing
  - Form 1120-F
- Form 5472
- Is Form 8833 needed?
  - Form 1042 exception?

Issues to consider (cont.)

- R&D tax credit
  - Form 6765
- Export control issues?

Client situation #2

The International Structure



Issues to consider

- Does the parent sign customer contracts in the USA?
- Does the parent provide services in the USA?
- Tax treaty
  - LOB provision
  - Is there a PE?

Issues to consider (cont.)

- Employee issues
  - How many days is the employee in the USA?
  - What is the employee doing in the USA?
  - Will the activities create a PE?
  - Will there be US wage withholding necessary?

Issues to consider (cont.)

- State tax issues
  - Sales/use tax
  - Income tax
- Protective filing
  - Form 1120-F
- Is Form 8833 needed?

Questions?

Conclusion

You should now have:

- Gained an understanding of the tax issues for inbound transactions
- Discovered which tax forms may need to be filed

Disclaimer

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Narelle MacKenzie is a well known international tax consultant, located in San Diego. She has over 25 years experience working in international taxes, having spent most of her career working with, or for, multinational companies. Ms. MacKenzie is a Tax lecturer at San Diego State University, first appointed in 2007, lecturing in both US international and domestic taxes for corporations and individuals.

She has worked in both public accounting and industry for employers such as Goodrich Corporation (a Fortune 500 company that was acquired by United Technologies), PricewaterhouseCoopers LLP, and Toyota Australia. Her business experience has covered diverse industries and activities, including supply chain activities and initiatives, identification and implementation of new manufacturing facilities, establishing representative offices, secondment arrangements, customer sales and support initiatives and general cross-border issues.

Ms. MacKenzie has advised on cross-border activities in many and diverse countries and works with tax advisors in those countries to identify optimal, strategic tax solutions for you and your clients. Some of the various countries experiences include: US (federal and state), Mexico, Brazil, Singapore, China, Scotland, India, Turkey, Japan, Germany, South Korea, Netherlands, Canada, Luxembourg, Chile, Sweden, Norway, Russia, Australia, UK and France.

As well as lecturing at SDSU, she is a highly sought after speaker, course instructor and guest lecturer and has presented at many and diverse conferences on US taxes in the USA and other countries.

She is a Past President of CalCPA (San Diego chapter), and currently serves on the Accountancy Advisory Board for CSU San Marcos and is Vice Chair for the School Site Council for La Jolla High School.

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- Hanne specializes in international tax and financial reporting for domestic and inbound foreign companies. She assists these businesses with the complex issues unique to foreign owned companies. Hanne provides practical advice, listens to her clients needs, and collaborates with them for successful solutions. Her clients benefit due to her vast expertise with US Generally Accepted Accounting Principles, International Financial Reporting Standards, and International Auditing Standards.