Employee or Independent Contractor? Your Chance to Come Clean

Whether you are an employer of thousands or an employer of one, you could be sitting on a tax powder keg... *read more*

The Exit Tax. Three Years After the Introduction of Section 877A.

It has been more than three years since the enactment of Sec. 877A, which introduced... *read more*

State Tax Considerations for Renewable Energy Products

The landscape for renewable energy is subject to constant change... *read more*

FASB Amends Guidance on Goodwill Impairment Testing

Goodwill is not amortized under current U.S. generally accepted accounting principles (GAAP)... *read more*

Looking Forward to Looking Back

As we take time during the holidays to reflect on family and friendships, thoughts about our investments may be difficult to avoid... *read more*

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CONTRIBUTORS

- Andrew Bernard
- David Bollis
- Justice Chamlee
- Luke Coombs
- Dean Feria
- Adam Levy
- Sean Neuhaus
- Stephanie Pervez
- David Roberts
- Parvin Van Enger

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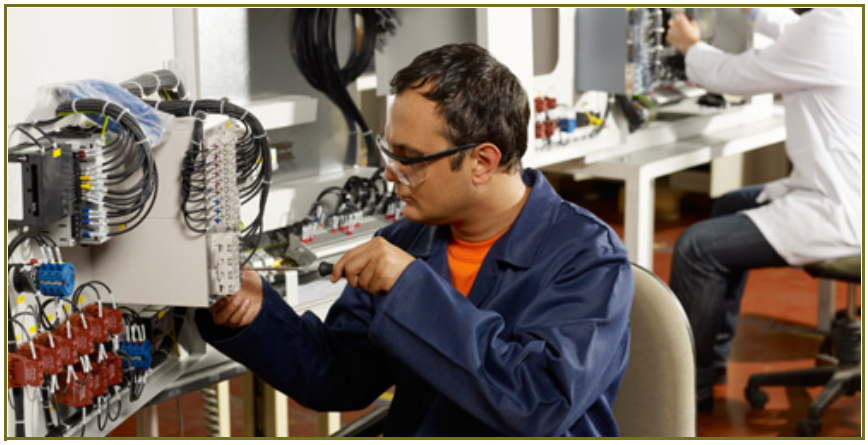
Employee or Independent Contractor? Your Chance to Come Clean



Whether you are an employer of thousands or an employer of one, you could be sitting on a tax powder keg.

Did you treat someone as an independent contractor not subject to employment tax withholding? With increasing frequency, IRS is assessing tax, interest and penalties in situations where they believe workers have been incorrectly treated as independent contractors. For example, IRS has been successful in reclassifying thousands of software engineers as employees at one employer and dozens of attorneys at a law firm. In addition, part-time employees, nannies, home health care workers and personal drivers are favorite targets.

The decision of whether to treat someone working for you as an employee or an independent contractor is not always crystal clear. Employers usually prefer the independent contractor classification but that isn't always the right decision. The benefits of having an independent contractor rather than an employee include not having to withhold income taxes, pay Social Security and Medicare taxes, or pay unemployment tax. An independent contractor is also not subject to and does not benefit from labor laws such as overtime pay and minimum wage requirements. However, the employer is at risk if they classify someone as an independent contractor when they really are an employee.

Generally speaking, an individual is an employee if the employer has the right to tell him how to do the job and has control over the worker. In order to determine if an employer has control over a worker, IRS looks to a twenty factor test. These factors include whether training is provided, whether the employee can hire and supervise assistants, and whether the hours of work are set by the employer. There are a few categories of statutory employees

(home workers, traveling salespeople, life insurance salespeople, among others) and a few categories of statutory independent contractors (real estate agents and some direct sellers), but for those jobs outside of these categories, the classification is not as clear and the control test must be considered.

A Government Accountability Office report from 2009 found that in 2006, the classification of employees as independent contractors cost the government close to $3 billion in unpaid taxes. Given the current deficit, it is understandable that the government would want to do what it can to lessen this problem. As a result, IRS has stepped in and created an opportunity for employers to reclassify those independent contractors who should be employees. Employers that participate in this program will only have to pay a fraction of the past payroll taxes. The flip-side is that IRS is going to be more suspicious going forward and will be looking closely at those employers claiming independent contractor status for their workers.

This program, called the Voluntary Classification Settlement Program (VCSP), is only for employers who agree to prospectively treat their workers as employees. A 1099-MISC must have been filed for the previous three years for that worker in order to be eligible for the program. An employer that is under audit by IRS is not eligible for the program. Once the decision is made to convert from an independent contractor to an employee, all the other workers in that same class must also be converted. For example, if you have two housekeepers and you submit to the program for one housekeeper, both housekeepers must be treated as employees going forward.

The program allows the taxpayer to pay only 10% of the employment tax liability on compensation paid to the worker for the most recent tax year, calculated using reduced rates. All interest and penalties related to the employment taxes, which can be substantial, are waived. IRS also agrees not to audit the employment status for any previous years.

This is a great opportunity for those employers who are concerned their worker should really be considered an employee. The costs of having an employee rather than an independent contractor are, of course, higher. So before the decision is made to convert, you should carefully consider the facts and consequences.

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The Exit Tax. Three Years After the Introduction of Section 877A.

It has been more than three years since the enactment of Sec. 877A, which introduced a mark-to-market tax on U.S. persons expatriating on or after June 16, 2008.

Official records indicate that, although still relatively small, there is an increasing number of U.S. persons who have renounced, or are in the process of renouncing, their U.S. citizenship or are terminating their long-term residency.

The decision to expatriate is deeply personal but in many cases can be tax motivated. This is particularly the case for U.S. citizens and green card holders living overseas where they remain subject to U.S. tax (albeit net of applicable credits and exclusions) on their worldwide income and gains and, ordinarily, their worldwide estate. The situation has been exacerbated by recent legislation that has made it increasingly burdensome for U.S. persons to open and maintain offshore bank accounts and work with offshore trustees, and who tend to have limitations on investment choices by virtue of their status as U.S. taxpayers. In addition, U.S. persons with foreign interests are subject to extensive and invasive reporting of such ownership interests and related income on federal forms such as the FBAR (for foreign accounts), IRS forms 3520 (for trusts), 8621 and 5471 (for foreign entities) and for 2012, the new Form 8938 for foreign accounts holding more than $50,000. As such, U.S. persons residing overseas or contemplating a permanent move are giving greater consideration to these issues and to expatriation as a potential solution.

The introduction of Sec. 877A has also made a significant impact on the decisions of many to attain a green card or citizenship in the first place. It can be costly for wealthy individuals to become a covered expatriate (as described

below) and, consequently, taking steps to avoid becoming a covered expatriate has become a fundamental part of pre-immigration planning.

Who is Subject to Sec. 877A?

Expatriation simply includes the act of relinquishing U.S. citizenship or terminating long-term residency. Some limited exceptions apply with regard to citizens who meet certain tests related to minors and dual nationals. A long-term resident (LTR) is defined in Sec. 877(e) as someone who was a lawful permanent resident (green card holder) for eight of the past fifteen years ending with the year their LTR status ends. In theory, this could be as short as six years and two days if, for example, one were in the United States with a green card on December 31, 2004, and terminated LTR status on January 1, 2011.

Sec. 877A is only applicable to covered expatriates where:

- average annual net income tax for the five years ending before the date of expatriation or termination of residency is more than $147,000 (for 2011); or
- net worth is $2 million or more on the date of expatriation or termination of residency; or
- there is failure to certify on Form 8854 that one has complied with all U.S. federal tax obligations for the five years preceding the date of expatriation or termination of residency.

What is taxed under 877A?

Sec. 877A provides that all property of a covered expatriate shall be treated as sold on the day before the expatriation date for its fair market value. To the extent the taxable gain exceeds an exclusion amount of $637,000 (for 2011) the covered executive would have a tax liability. Certain exceptions exist with regard to deferred compensation items and interests in non-grantor trusts. In calculating the taxable gain, LTRs may be able to receive a step-up in basis to the fair market value of assets when they first became a U.S. resident so it can be important to value and record assets at that time. The payment of tax can be deferred until gains are actually realized, but this can be cumbersome, requires posting a security bond and incurs an interest charge.

Sec. 877A should mean that, for the most part, you pay the tax and you're effectively done. However, this is not necessarily so. When it comes to the estate and gift tax, the law also provides that gifts or bequests from covered expatriates to U.S. persons are subject to transfer taxes at the highest rate, which is currently 35%. This could mean that for someone who expatriates with a net worth of $10 million who has only U.S. heirs and dies 20 years later worth $200 million, the entire $200 million would be subject to tax at the highest rates. It is the U.S. recipient, including a U.S. trust, who is liable for the tax. This would be reportable on a new Form 708 except for the fact that, more than three years after the law was changed it is yet to be published. As such, transfers are not currently reportable until such form and associated guidance is available.

Opportunities exist for planning. For example, low current asset values may make it a good time to expatriate, especially where income tax rates are set to rise. The current $5 million gift tax exemption could also provide a window for reducing net worth below the $2 million level. Or simply selling one's principal residence prior to expatriation would allow one to benefit from the Sec. 121 exemption ($250,000 for individuals), which may otherwise be lost if taxed under Sec. 877A.

For someone with a green card, non-immigrant visa status or just contemplating a move to the United States, the best planning could be to simply avoid becoming a LTR by giving up one's green card before meeting the eight year test or to avoid getting a green card altogether. Of course, a taxpayer's immigration status will be largely informed by the personal objectives of the taxpayer and his or her family, so any tax planning should be coordinated with any

non-tax immigration goals.

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State Tax Considerations for Renewable Energy Products

The landscape for renewable energy is subject to constant change. Significant portions of the renewable energy industry became economically viable due to federal and state incentives, including tax credits, grants and loan guarantees.

Political and economic pressures to reduce dependence on non-renewable energy sources such as oil, natural gas and coal, as well as increasing public concern about the consequences of global warming contributed to the creation of these incentives. Government spending in this area was also seen as a potential method to create jobs during the downturn of the economy.

One of the most successful of the incentive programs, the Federal 1603 grants, also known as "cash-in-lieu of tax credits," has provided almost $9.2 billion of investment in renewable energy projects. The 1603 grant program is due to terminate on December 31, 2011; however, other federal and state incentive programs may remain and yet others will be added.

The bankruptcies of Solyndra and Beacon Power with $528 million and $43 million in federal loan guarantees, respectively, have raised serious doubts in the public's mind about the nature and cost of incentives. Without the federal 1603 grants, investment will largely depend on the investor's ability to use the tax credits often either directly or by involving tax equity investors. While navigating the federal incentive programs can be complex, evaluating the state incentives and taxation may provide even more of a challenge.

State Incentives

More than half of the states and the District of Columbia have imposed Renewable Portfolio Standards (and another eight states have voluntary goals) requiring electric utilities to use renewable energy or acquire renewable energy credits (RECs) for a minimum amount of generating capacity. These requirements necessitate the continued investment in renewable energy projects.

The states have various incentive vehicles to encourage the development of renewable energy projects including:

- Income Tax Credits
- Sales and Use Tax Credits
- Property Tax Credits
- Rebates
- Grants
- Subsidized Project Financing
- Project Development Bonds
- Production-Based Credits

A single project often qualifies for multiple incentive programs. Utilization of these incentives necessitates a careful review of each program to maximize savings; however, participation in one program may bar participation in others.

State Tax Considerations

With increasing federal and state deficits, there is growing concern regarding the funding of the incentive programs. There is also increased pressure for states to boost tax revenue to reduce deficits. Sales and use, real property, personal property and electric power generation taxes are common sources of state tax revenue that may be imposed on various segments of renewable energy projects. These state taxes can significantly impact the economics of the various parties in renewable energy projects, creating a myriad of tax issues.

A typical investment structure will often have several parties involved.

- Investor – invests cash to fund the project and receives the majority of the tax credit and favorable tax depreciation.
- Installer – obtains the renewable energy components and undertakes and manages the installation of the project.
- Owner – owns the project equipment and sells electric power to the Host.
- Host – the equipment is physically located on the Host's property and the Host purchases electric power from the Owner.

Each party has numerous considerations to understand when applying each state's unique rules for each area of state taxation. For example, the Owner needs to determine if sales tax applies to the sale of electricity to the Host and if the renewable energy equipment is subject to real or personal property taxes.

With regard to property taxes, the key determination is whether the state considers the equipment to be real or personal property. An error in this determination could result in the property being taxed twice, once under the business personal property tax and again under the real property tax. Many states and some local jurisdictions provide exemptions, exclusions, abatements and credits for renewable energy property that the parties should also explore.

Sales and use taxes present another complex area for renewable projects. It is important to note that each individual transaction in a renewable project environment can potentially represent a taxable event. Therefore, a

detailed analysis is required to determine if and when a transaction may be subject to sales and use taxes. Such analyses should include where and when equipment is transferred as well as investigation of exemptions and exclusions to maximize potential tax savings. Because electricity is typically considered tangible personal property in most states, the sale of electricity may be subject to a state's sales tax. However, a state may have exemptions that may apply to sales of electricity, although most states are still working through how to apply these rules. Moreover, RECs are a potential new area of taxation for the states and some states may impose sales tax on the RECs. The nature and structure of the transaction is crucial in the determination of whether the RECs may be subject to sales tax.

Documentation is often another overlooked area that could adversely impact the bottom line of a project. It is important to retain documentation such as resale certificates and exemption certificates in order to substantiate all non-taxable transactions. Timely completion of any applications or certifications prior to a project's commencement is often an issue.

A thorough evaluation of the various state tax incentive programs as well as other state tax considerations such as sales and use and property taxes during the initial planning stages of a renewable energy project is essential to navigate the muddle of state laws. Despite the complexities, taxpayers can realize significant tax savings and minimize unexpected liabilities with proper planning in this area.

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FASB Amends Guidance on Goodwill Impairment Testing

Goodwill is not amortized under current U.S. generally accepted accounting principles (GAAP). However ...

The Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic Number 350 (ASC 350) mandates that goodwill is tested annually, or more frequently under certain circumstances, for impairment at the reporting unit level using a two-step impairment test. If, based on a quantitative testing methodology, it is determined that the carrying value of the reporting unit exceeds its implied fair value, then an impairment exists (Step 1). If it is determined that an impairment does exist, then a second step is required to compare the implied fair value of the reporting unit's goodwill (calculated based on a "memo allocation") with the carrying value of the goodwill (Step 2). The impairment loss is equal to the difference between the implied fair value of the goodwill and its carrying value.

On September 15, 2011, the FASB issued Accounting Standards Update 2011-08 (ASU 2011-08), which amends goodwill impairment testing procedures. Based on the revised rules, companies now have the option of initially utilizing a qualitative assessment, as opposed to a quantitative testing methodology. However, the quantitative assessment, which is typically performed by employing an income or a market approach to determine the fair value of the reporting unit, is still permitted.

ASU 2011-08 applies to both public and non-public entities that have goodwill on their balance sheets, and is effective for annual periods ending December 15, 2011; however, early adoption is permitted. ASU 2011-08 does not amend the annual testing requirements for other indefinite-lived intangible assets, for example trademarks,

although the FASB added the topic to its agenda in September.

The qualitative assessment (commonly known as Step 0) determines whether it is more likely than not (i.e., a likelihood of more than 50%) that the fair value of the reporting unit is less than its carrying value. If, based on an assessment of qualitative factors, it is determined that the tested reporting unit's fair value exceeds its carrying amount, then the reporting unit is deemed to have passed the impairment test and no further testing is necessary. Conversely, if this initial qualitative assessment fails to establish that fair value is greater than carrying value, it then becomes necessary to perform Step 1, and possibly Step 2, of the quantitative assessment.

ASC 350 provides the following examples of factors to consider in the qualitative assessment:

- macro-economic conditions;
- industry and market considerations;
- cost factors including cost of raw materials, labor costs, distribution expense and resulting cash flow;
- overall financial performance;
- relevant entity-specific events including changes in management, strategy, customers or litigation;
- events impacting the reporting unit including changes in carrying value; and
- a sustained decrease in share price (for public entities).

The stated purpose of ASU 2011-08 is to reduce the cost and complexity of goodwill impairment testing. Although the assessment is termed qualitative, certain quantitative analyses and documentation will likely be required to support the concluded assessment. In addition, the reduced cost associated with the qualitative testing may be offset by increased audit fees associated with reviewing the qualitative analysis and associated documentation. Early involvement of an appraiser who has experience in addressing fair-value issues may ultimately yield savings in terms of overall time and professional fees.

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Looking Forward to Looking Back

As we take time during the holidays to reflect on family and friendships, thoughts about our investments may be difficult to avoid.

Many holiday party conversations will certainly involve the recurring headlines regarding the sluggish growth outlook, issues in Europe or the historically high volatility in the markets we are confronting. Uncertainty makes for an especially challenging year-end financial and investment planning environment. In the spirit of the season, we will highlight a few ideas to provoke some optimism as this year comes to a close. Some of these thoughts will seem familiar but, much like your favorite holiday tune, are worth repeating.

Review Your Asset Allocation

After a year of turbulent market performance with dramatic daily runs in both directions, it is critically important to review your investment allocation. Empirical research supports that 90% of a portfolio's variability and 40% of a portfolio's returns over time can be explained by strategic asset allocation. Accordingly, any planning involving your investment portfolio must consider the effect on your allocation. Periodically rebalancing your portfolio toward your target asset allocation helps to make sure that your portfolio is properly diversified and weathers the full market cycle as designed. Given the reticence and pessimism many investors share regarding global market conditions, it might be a good time to consider a more defensively-positioned allocation while watching for opportunities that may arise amidst the many obstacles.

Review Your Investment Managers

To help supplement the returns generated from your asset allocation, it is also important to understand your investment manager(s). A good assessment of an investment manager's place in the portfolio should include, at a minimum, a review of long-term performance in both up and down markets, overall cost and the strength of the investment team.

Review Your Asset Location

Many investors are contemplating how to best structure their investment assets to protect against the threat of rising tax rates. Most notably, the tax rate on qualified dividends could rise from the current level of 15% to 20% or even 39.6% for those in the highest marginal income tax bracket. Further, if you are subject to the Medicare tax on unearned income, an additional 3.8% tax may apply, bringing the total tax rate on your dividend income to 43.4%. With potential increases in tax rates, investors should diligently review how each of their assets are held. For example, a Roth IRA is an attractive place to hold a growth-focused investment that generates taxable income, since the income and appreciation on the assets are tax-exempt.

If you hold assets in a traditional IRA, a proactive response to the concern of rising tax rates might include locking in today's historically low tax rates by converting it to a Roth IRA. Further, since a Roth IRA does not require minimum distributions, the benefit of deferring distributions and compounded appreciation might outweigh any adverse change in tax rates (i.e., a subsequent decrease to marginal rates). Roth IRAs can also help mitigate the impact of additional Medicare excise tax.

Review Your Gains / Losses

You have surely heard that you should take advantage of tax-loss harvesting to minimize your current year taxes on capital gains. You may also recall that when implementing a tax-loss harvesting strategy, you need to be aware of the infamous "wash-sale" rules and the need to review mutual fund distributions to avoid surprise capital gains. This year, however, there may be additional considerations. For example, there may be some losses you want to lock-in to shelter subsequent year's gains that may be taxed at a higher rate. Alternatively, if you feel strongly that capital gains tax rates will be increasing in future years, you may want to harvest some of the unrealized appreciation in your portfolio to preserve the current historically low rates on long-term capital gains.

Review Your Tax Basis

Another new concern for 2011 relates to the fact that your investment custodians are now required to report cost basis information to IRS for the sale of shares of stock purchased after January 1, 2011. Accordingly, it is even more important to review the records maintained by your investment custodians and be certain that your accounting method preferences regarding whether high-or-low cost shares should be sold first are well documented and reviewed periodically. These general account designations still permit you to designate specific shares to be sold, but you must confirm this information with the custodian before the settlement date, typically three days after execution. Additional types of securities (mutual funds, bonds, etc.) will eventually be subject to similar rules. Therefore, we would encourage you to review all of your records now to minimize headaches and surprising tax implications later.

Be Generous

A very important consideration for anyone with an IRA account subject to required minimum distributions is the ability to direct up to $100,000 of those distributions to charity. For investors with concentrated positions in low-basis stock, gifting portions of those positions is another great way to dodge recognizing significant capital

gains while generating a current year deduction. If diversification is the ultimate goal, donating low-basis stock in appropriate tax years will lower your taxable income as well as diversify unsystematic risk associated with the concentrated holding.

We anticipate that investment and financial planning strategies will not dominate your thoughts during the holidays. However, a time of seasonal reflection may provide a prudent opportunity for a meaningful review of your strategic goals and objective investment planning.

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UK Residence: Greater Certainty in the Works

An individual's UK tax residence status has a significant bearing on the amount of income and gains that is taxable in the UK.

Somewhat surprising then is the fact that the United Kingdom does not have a clear definition of UK tax residence. The current definition rests primarily on court decisions from legal cases over a long period of time. This has resulted in a vague system that is somewhat subjective in nature especially for those who travel to and from the UK frequently or have certain connections to the UK. This was typified in the now famous case of *Gaines-Cooper vs. The Commissioners for HMRC* where a UK businessman migrated to the Seychelles in 1976, and spent less than 91 days in the UK each tax year but maintained UK property and other UK interests. On October 19, 2011, he lost his appeal before the UK Supreme Court and was considered a tax resident despite following what he thought was Her Majesty's Revenue and Customs' (HMRC) guidance on non-residence.

All this could be about to change with the introduction of a statutory residence test (SRT), expected to take effect beginning April, 2012. Adopting its policy on consulting with the public and practitioners on a proposed framework, the UK HMRC finalized the consultation stage in early September and now is moving to draft legislation.

The proposed framework provides a clear residence outcome for the vast majority of people whose circumstances are straightforward. For more complex situations, it provides clarity on the specific definitions and weighting of relevant connections and time spent in the UK. For example, under proposed rules an individual is not resident in

the UK for a tax year if he or she satisfies any of the following conditions:

- is not resident in the UK in all of the previous three tax years and is present in the UK for fewer than 45 days in the current year; or
- is resident in the UK in one or more of the previous three tax years and is present in the UK for fewer than 10 days in the current tax year; or
- leaves the UK to carry out full-time work abroad, and is present in the UK for fewer than 90 days in the tax year and no more than 20 days are spent working in the UK in the tax year.

Residence should not be confused with domicile. Domicile is a complex subject but can broadly be described as where you have your permanent home. A person not domiciled in the UK, even if a UK resident, generally does not pay UK tax on foreign income and gains unless it is remitted to the UK. For longer term residents (7 out of 10 years) the remittance basis can be maintained at an annual charge of £30,000, which is creditable in the United States. The UK HMRC is also looking to reform the taxation of non-domiciled individuals. The consultation period on the proposed reform has also recently closed and could result in an increase in the annual charge to £50,000 for those who have been residents in the UK for the past 12 out of 14 years. It may also enable non-domiciles to remit foreign income and gains tax-free to the UK for the purpose of commercial investment in UK businesses.

These rules can have an impact on UK nationals living in the U.S. and those who spend significant time in the UK or are contemplating a move. With a top income tax rate of 50%, tax planning for UK residency can be especially important where credits for UK tax paid may not be fully utilized against U.S. tax. Greater certainty around these rules will enable clearer planning.

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New Section Denies Tax Credits from Some Acquisitions

Sellers want to sell stock. Buyers want to buy assets. Though this common truism applies in the international acquisition context as much as in the domestic, it has become a little more complicated in the international arena as of late.

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 added a provision that reduces the benefit of certain structuring techniques.

Sec. 901(m) reduces the amount of foreign tax credits available when there is a covered asset acquisition that occurs after 2010. Briefly, a covered asset acquisition is when a U.S. tax basis is created that is eligible for cost recovery from an election or transaction that is not subject to U.S. taxation and that results in higher U.S. tax basis than the foreign tax basis. The foreign tax annually attributed to the difference, prospectively, is not allowed as a foreign tax credit for U.S. tax purposes.

Congress enacted Sec. 901(m) to raise tax revenue so it could extend certain other tax deduction and tax credit provisions in the entire law. In addition, it seems some taxpayers were “double dipping” on foreign acquisitions by obtaining additional tax depreciation/amortization or other deductions through an election or check-the-box planning without a corresponding U.S. tax charge to get the step-up while also being permitted to benefit from the foreign tax imposed on the difference. Sec. 901(m) removes the double dip. Although not readily apparent, some view this provision as curbing the perceived advantages of making a foreign versus a domestic acquisition.

Practical Implications

Taxpayers and their advisors will have to determine the implication this provision will have on making an election or structuring a transaction to obtain a step-up in the U.S. tax basis of assets in a foreign acquisition and, if applicable, will require ongoing annual computations. Practically, because the corporate tax rates of industrialized countries are now lower than in the United States, obtaining the deductions from the step-up is probably worth more than losing the tax credits on the difference.

The financial accounting implications for acquisitions to which Sec. 901(m) applies will also need to be considered. It appears that companies that cannot assert permanent reinvestment of these earnings may find that the after-tax results are not as favorable with this provision as they were in the past. Note, there are some situations where it is not beneficial to make a Sec. 338 election (or using check-the-box structuring), particularly if there will be a U.S. tax asset basis step-down or if relatively high tax effective rate historic earnings exist in the target that the acquirer wishes to access.

This is not a taxpayer-friendly provision. It does not allow disregarded deductions – such as intercompany disregarded leveraging – that may exist under foreign law to be taken into consideration in determining the amount of foreign tax credits that are disallowed under this provision. Also, Sec. 901(m) does not prohibit deducting taxes, which can lessen the bite of this provision. However, taxpayers cannot pick and choose among subsidiaries as to which taxes they want to credit and which they want to deduct. Annually, you either have to credit all taxes or deduct all of them.

Sec. 901(m) is a complex statute. It does not seem as if it will make covered asset type acquisitions obsolete in the foreign context, but they will not be as beneficial as in the past. Further, this provision will create some additional administrative burdens to make the initial and ongoing calculations and record keeping a little more challenging.

This article first appeared in the *Pennsylvania CPA Journal*, a publication of the Pennsylvania Institute of Certified Public Accountants.

NEWSWIRE

WTAS Announces UK Tax Desk

WTAS provides comprehensive solutions to international tax and wealth issues facing today's increasing population of global high net worth individuals. They must consider not only the laws of citizenship and permanent residency, but also the tax laws in jurisdictions where they have investments or may temporarily reside.

Individuals

To help these families, we understand and provide advice on the tax aspects of a range of situations, including:

- UK or other Foreign Investment by U.S. Persons
- International Executives
- Pre-immigration Planning by UK Individuals
- Expatriation / Relinquishment of U.S. Green Card
- International Estate and Gift Tax Planning
- Foreign Trusts
- U.S. Investments by UK Individuals and other Non-U.S. Families
- Tax Compliance and Information Reporting

Businesses

WTAS has extensive experience in advising multinational businesses on tax aspects of international activities, including new and traditional tax planning opportunities. Significant international tax practice areas include:

- Structuring/restructuring non-U.S. operations of U.S.-based corporations for more efficient management of their global tax position, including matters such as entity selection, use of holding companies, tax treaty issues, financing issues, foreign tax credit planning, migration of intangible property through cost-sharing, and coordination with local-country advisors
- Structuring inbound U.S. investment of non-U.S. corporations, including overall structure, financing issues, U.S. tax on income from operations
- Foreign tax credit maximization, including determining eligible credits, income-sourcing rules, credit

redeterminations and basket-transitioning rules
- Subpart F income to maintain tax deferral on income from non-U.S. operations
- Alternative investment vehicles including structuring hedge, private equity, and venture capital funds to minimize U.S. taxation of U.S. and non-U.S. investors
- Effective use of passive foreign investment companies (PFICs) and controlled foreign corporations (CFCs)
- U.S. taxation of foreign-currency gains/losses

Valuation

- Business valuations for accounting/tax purposes

Located in the WTAS New York City office, our UK Tax Desk is headed by David Roberts. Roberts qualified as a tax professional in the United Kingdom and provides U.S./UK cross border tax planning. Our UK Tax Desk joins our existing Argentina and China Tax Desks at WTAS. All are available to support you with your international tax planning opportunities, including tax compliance and information reporting.