



THE BRAVE NEW WORLD OF US TAX

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Your global tax partner

SESSION OVERVIEW



THE BRAVE NEW WORLD OF US TAX

Tax leaders and c-suite executives are scrambling in anticipation of game-changing US corporate tax reform. Value chains (and more) may be turned upside down! This panel covered the latest insights from our modeling experiences, potential macroeconomic impacts, and how the rest of the world might react.



CONTENTS

1. US Tax Reform: Why Now?
2. Overview of Tax Reform Plans
3. Taxand's Take



AN UNCERTAIN GLOBAL TAX ENVIRONMENT



“ All great changes are preceded by chaos ”

Deepak Chopra

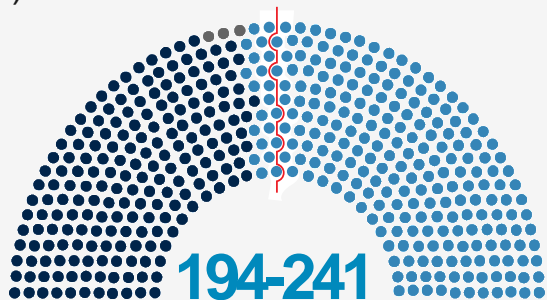
An abstract graphic consisting of four overlapping circles. A large yellow circle is on the left. To its right is a blue circle. Below the yellow circle is a red circle. The blue and red circles overlap each other, and their intersection with the yellow circle creates a dark green area. The text "US TAX REFORM: WHY NOW?" is centered within the yellow circle in white, bold, sans-serif font.

US TAX REFORM: WHY NOW?

ALIGNED EXECUTIVE AND LEGISLATIVE BRANCHES

Control of the 115th HOUSE (2016-2018)

218
needed
for majority



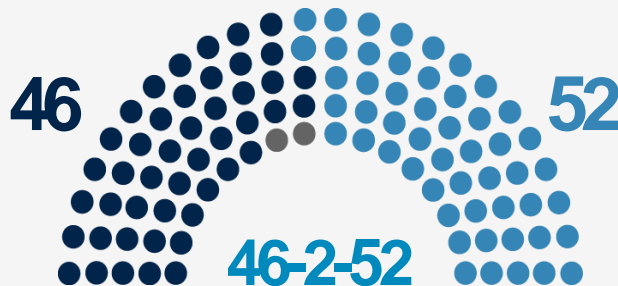
REPUBLICAN HOUSE MAJORITY

● Democrats ● Republicans ● Independents

Speaker: Paul Ryan (R-WI)
Chairman, Ways and Means: Kevin Brady (R-TX)

❖ TAXAND

Control of the 115th Senate (2016-2018)



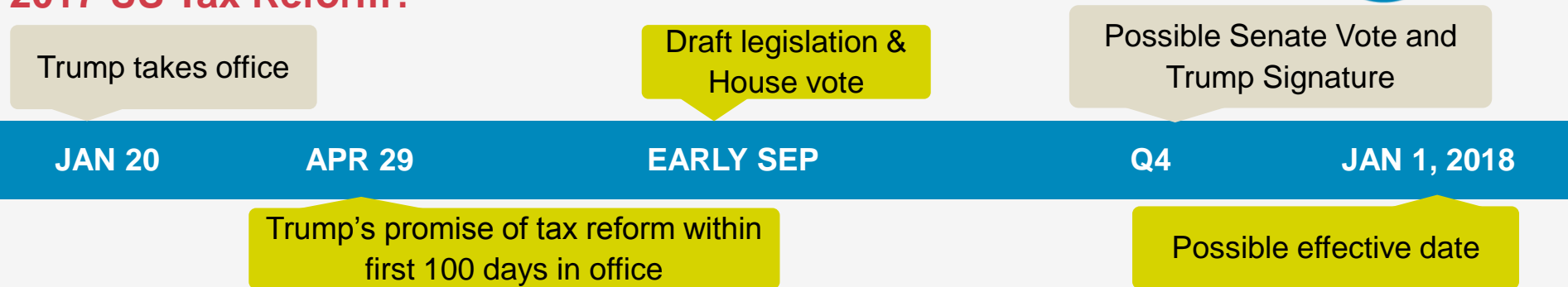
REPUBLICAN SENATE MAJORITY

● Democrats ● Republicans ● Independents

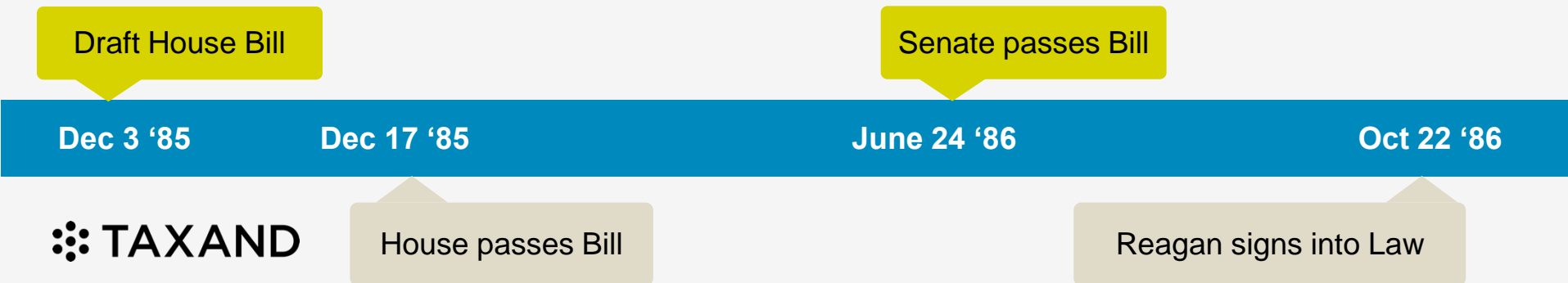
Majority Leader: Mitch McConnell (R-KY)
Chairman, Senate Finance: Orrin Hatch (R-UT)

TIMELINE CONSIDERATIONS

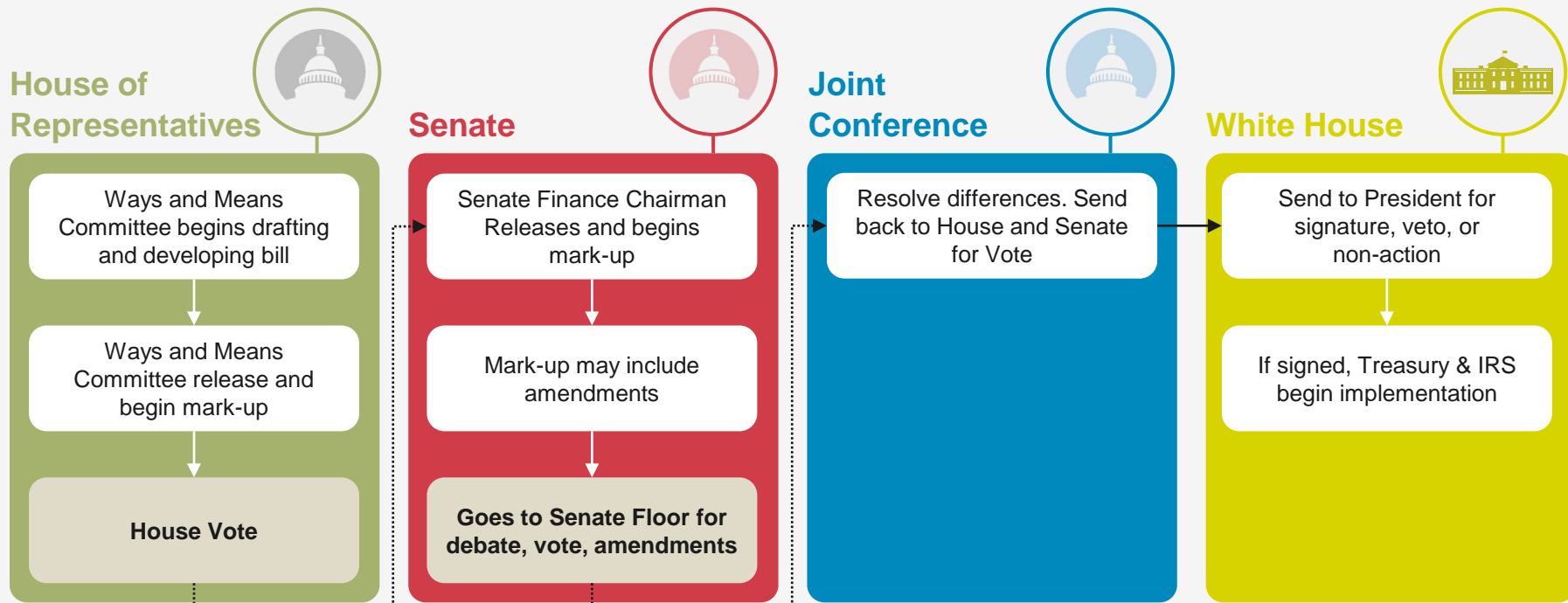
2017 US Tax Reform?



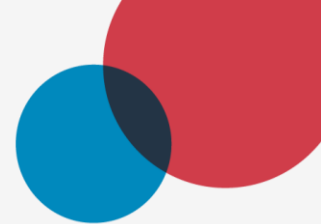
1986 US Tax Reform



FACTORS AFFECTING TAX REFORM: CONGRESS



FACTORS AFFECTING TAX REFORM



❖ Favorable factors



Uncompetitive US
Statutory Rate



Unified House, Senate,
Executive



Tax Code Complexity



Movement back to US

❖ Detrimental factors



Winners/Losers



Lobbying Efforts

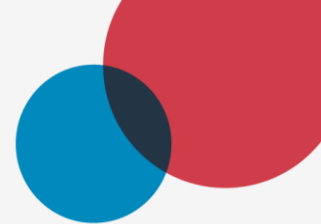


Retaliatory Action



US TAX REFORM: OVERVIEW OF PLANS

SUBSTANTIALLY SIMILAR PLANS:

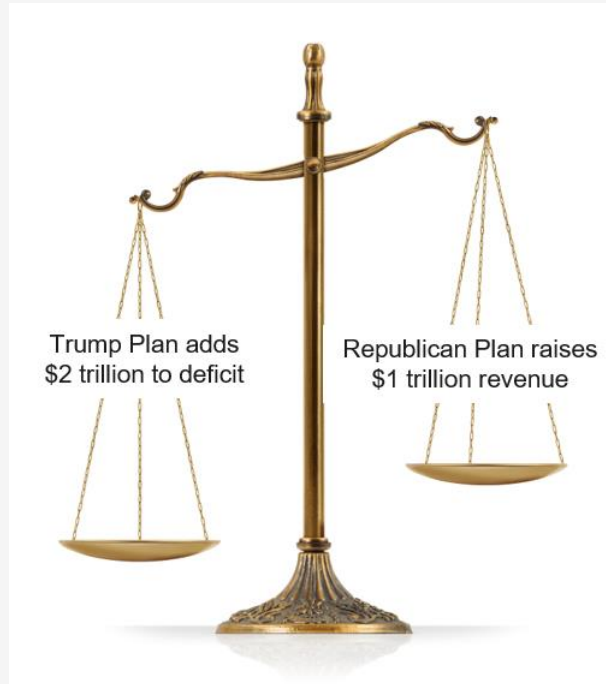


	REPUBLICAN BLUEPRINT	PRESIDENT TRUMP
Corporate rate	20%	15%
Historical CFC earnings	8.75% (cash); 3.5% (other)	10%
Future CFC earnings	0%; territorial	Territorial (new)
NOLs	Carried forward indefinitely	Carried forward indefinitely
Interest deduction	Only 'net' interest	Elect: Deduct Interest or Capital Expenditures
Capital expenditures	Immediately deducted	Elect: Deduct Interest or Capital Expenditures
preferences	Most eliminated but for R&D credit	Most eliminated but for R&D credit
Alternative Minimum Tax	Repeal of AMT	Repeal of AMT
Consumption based tax	Border adjustable	No border adjustment

ECONOMIC IMPACT OF TAX PLANS



The Trump tax plan does not pay for itself" and "doesn't even come close." "America is a great nation, but we haven't yet discovered magic." - Rep. Ted Lieu, D-Calif



" The biggest tax cut and largest tax reform in history of this country," Treasury Secretary Steven Mnuchin.

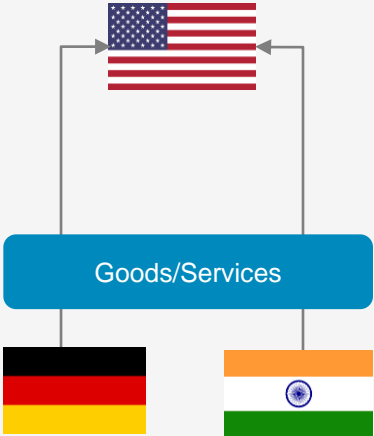
DESTINATION TAX: US IMPORTER DISADVANTAGE



Imports to US

BEFORE	
Rev	\$100
CGS	<80>
	20
@35%	\$7 Tax
AFTER	
Rev	\$100
CGS	
	100
@20%	\$20 Tax

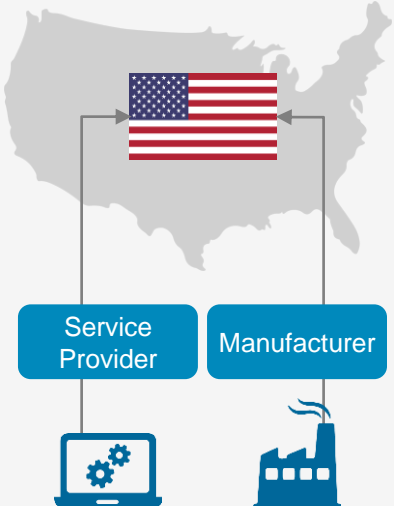
Impact
\$<13>
detriment



US originated products/services

BEFORE	
Rev	\$100
CGS	<80>
	20
@35%	\$7 Tax
AFTER	
Rev	\$100
CGS	<80>
	20
@20%	\$4 Tax

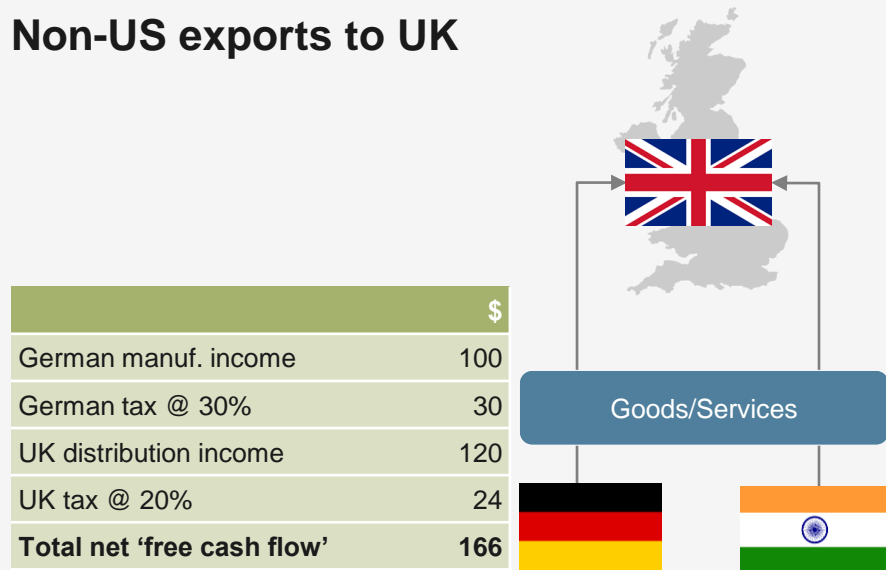
Impact
\$3 benefit



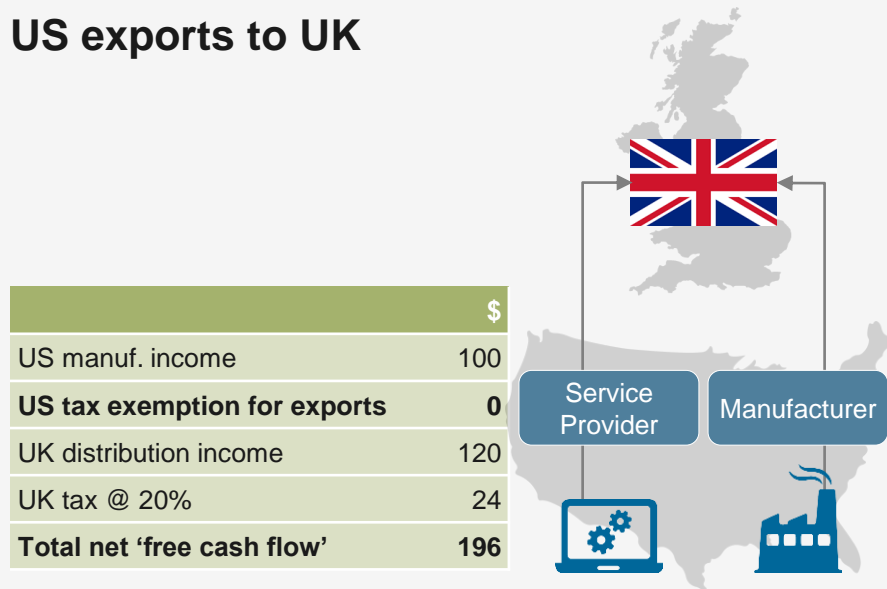
IMPORTER DISADVANTAGE = \$16 (16% of top-line or 80% of bottom-line)

DESTINATION TAX: US EXPORTER ADVANTAGE

Non-US exports to UK



US exports to UK

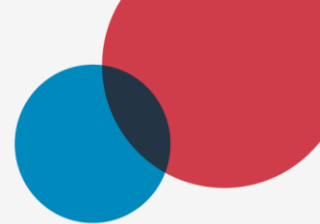


US EXPORTER ADVANTAGE = \$30



TAXAND'S TAKE

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1

On balance, US tax reform is highly likely but the form it will take is uncertain.

2

US multinationals and foreign multinationals may be significantly impacted by US tax reform.

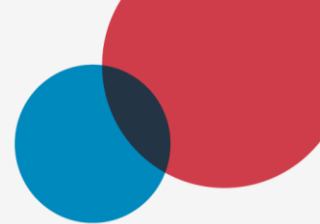
3

Proper analysis and modelling of the impact US tax reform is key to ensure preparedness in uncertain times.



**SPEAKER
PROFILES**

SPEAKER PROFILE



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Jill Harding is the head of tax for Alvarez & Marsal Taxand US' San Francisco tax practice. She provides end-to-end buy-side and sell-side transaction tax service offerings focusing on acquisition structuring, tax due diligence, post-acquisition integration, legal entity rationalisation, consolidated return issues, internal restructuring, cash repatriation planning, IP migration, debt restructuring, supply chain planning, inversion transactions, spin-offs and carve-out planning. With more than 16 years of transactional tax experience serving mid-market corporations, Fortune 500 corporations and private equity funds, Ms. Harding has extensive experience addressing complex transaction tax issues for clients in a variety of industries with a focus on technology and life sciences industry sectors.

SPEAKER PROFILE



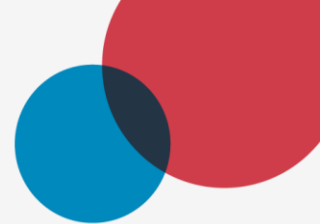
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Albert is a Managing Director with Alvarez & Marsal Taxand in New York. He has more than 20 years of international tax and accounting experience. He leads a New York and Washington D.C. based international tax and transfer pricing team that supports clients on global transactions. He oversees a practice with disciplines spanning from traditional international tax planning, cross-border inter-company arrangements, US inbound planning, mergers and acquisitions, controversy and accounting for income taxes. Albert is frequently involved in helping companies respond to tax demands from boards of directors and shareholders, as well as in fostering cross-functional communication between tax, operations, finance and treasury teams.

SPEAKER PROFILE



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Shane Wallace is a partner of William Fry, Taxand Ireland. He is experienced on tax issues including M&A, real estate tax, corporate reorganisations, inward investment and other elements of domestic and international tax. He advises multinational and Irish companies across a wide range of sectors including, technology, media and communications, pharmaceutical, retail and travel and tourism. Shane is a member of the Law Society of Ireland and is a Chartered Tax Advisor and member of the Irish Tax Institute. He has written numerous articles and regularly lectures on various tax issues. He is currently a member of the Irish Tax Institute's Policy and Technical Committee.



ABOUT TAXAND

Taxand is the world's largest independent tax organisation with more than 400 tax partners and over 2,000 tax advisors in over 40 countries. Taxand focuses on delivering high quality, integrated tax advice, free from conflict creating audit work. Taxand advisors work together to deliver global tax services for clients.

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