

## Your Target Market



## Taking Your Company Global



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San Francisco      Silicon Valley  
Associated Firms Worldwide

## International Tax & Accounting Services

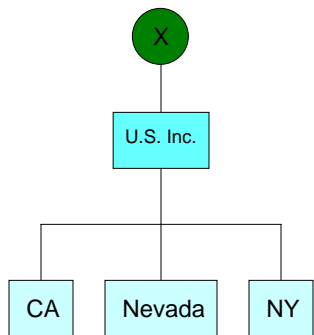
### Executive Tax Planning

- Corporate Tax Planning & Compliance
- Representation for IRS and State Tax Audits
- Compensation Planning [Stock Options]
- Gift, Trust & Estate Tax
- Foreign Nationals with U.S. Income or Investments

### Corporate Services

- U.S. and International Planning & Compliance
- Formation of Foreign Country: Operating Companies, Joint Ventures
- Representation for IRS & State Audits
- Valuation
- Mergers & Acquisitions, Due Diligence
- Forensic and Litigation Support
- Compensation Planning
- Auditing for Private & Public Companies

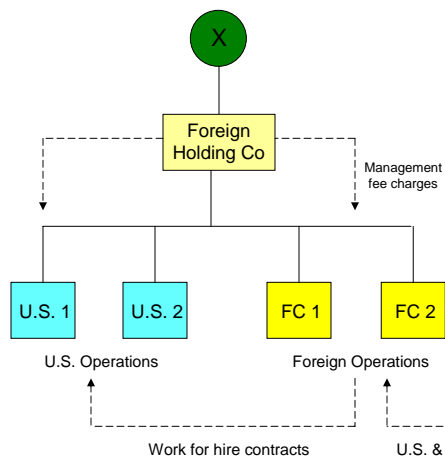
U.S. Tax Structure



Tax Rates:

Federal	35%
State	
- 5 to 12%	
- Effective Rate	6%
	<hr/>
	41%

Target Structure



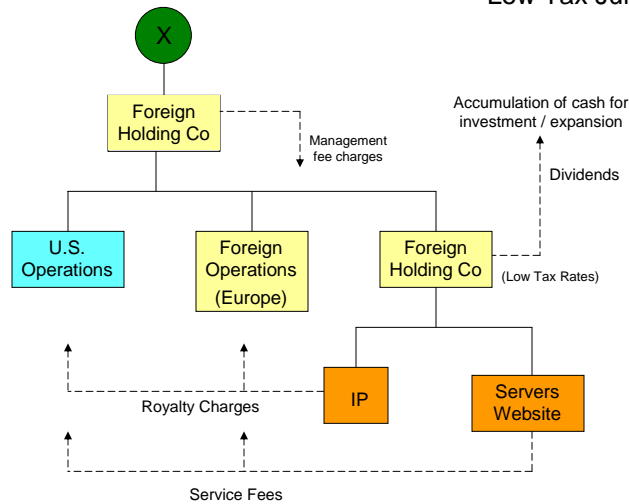
Tax Rates:

Foreign holding Co.	-0-
U.S. operations	40% *
Foreign operations	0 – 50% *

\* Limited to Taxable Income

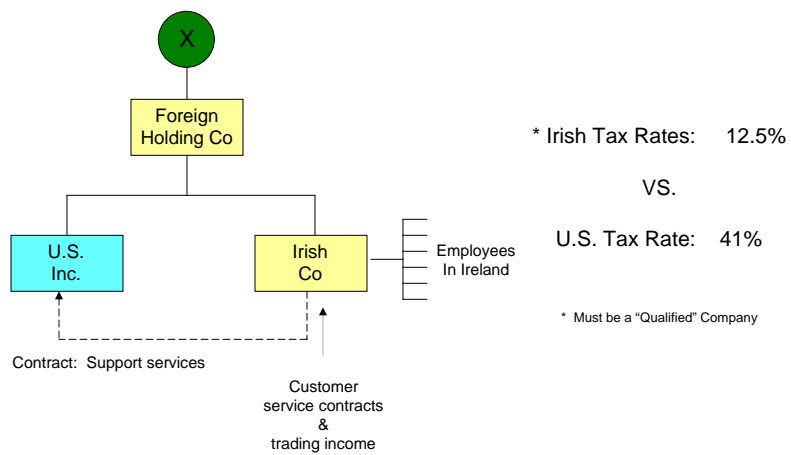
T.R.A.F.F.I.C.  
International Tax Planning

Target Structure - Driving Revenue to Low Tax Jurisdictions



T.R.A.F.F.I.C.  
International Tax Planning

Irish Structure



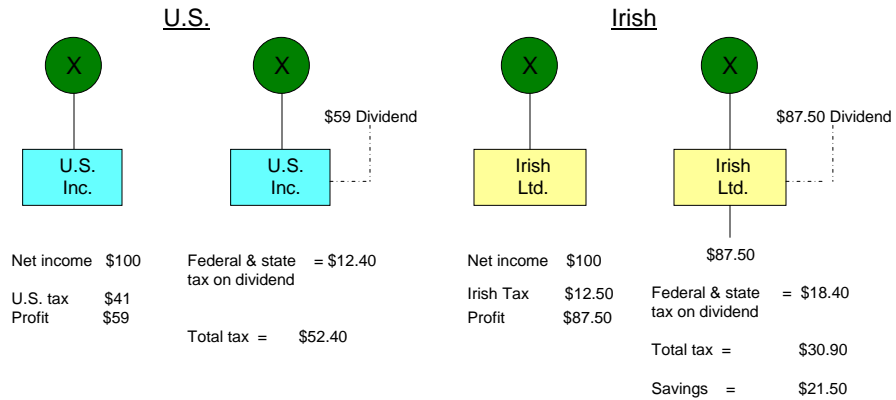
\* Irish Tax Rates: 12.5%

VS.

U.S. Tax Rate: 41%

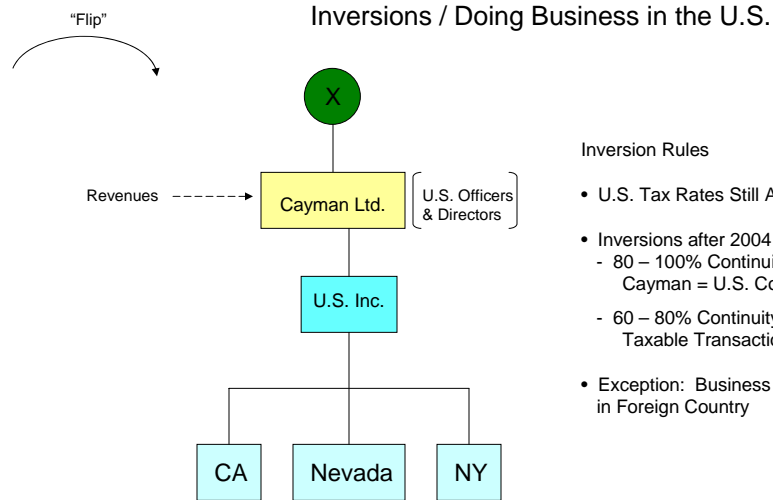
\* Must be a "Qualified" Company

U.S. vs. Foreign Tax Rate Comparison  
All Funds Remitted to U.S. Shareholder



Challenges to Offshore Tax Deferral

1. Inversion Rules
2. Foreign Corporation Doing Business in U.S.
3. Investment in U.S. Property
  - Distribution to U.S. Owner
  - Long-term Loan to U.S. Owner or Affiliate
  - Investment in U.S. Affiliate
4. Outbound Transfers of Property Taxable
5. Controlled Foreign Corporation Rules
6. Transfer Pricing



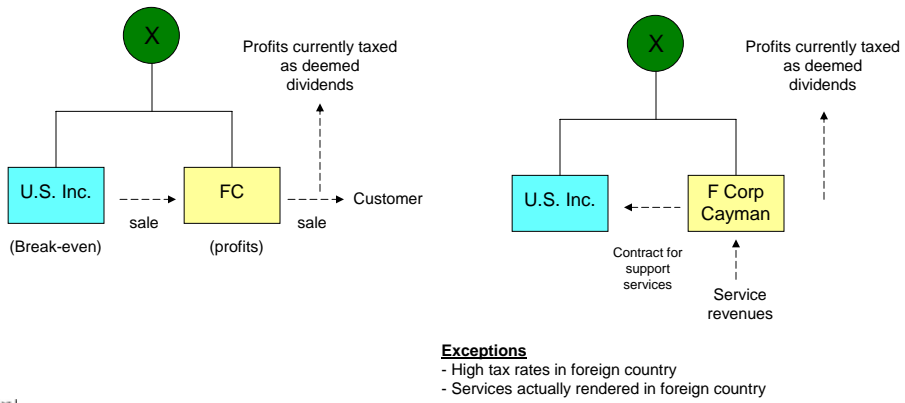
Inversion Rules

- U.S. Tax Rates Still Apply
- Inversions after 2004
  - 80 – 100% Continuity: Cayman = U.S. Corporation
  - 60 – 80% Continuity: Taxable Transaction
- Exception: Business Operations in Foreign Country

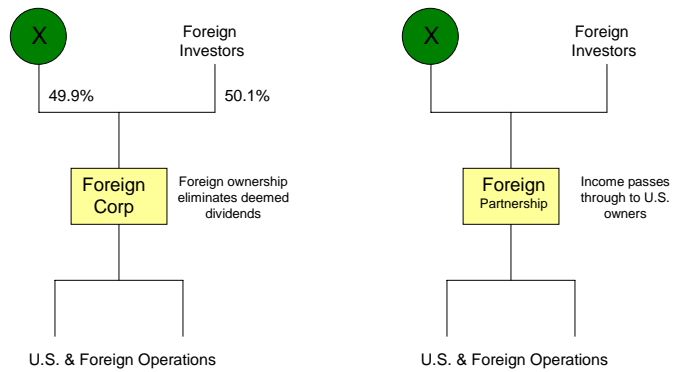
### Outbound Transfers of Property to Foreign Companies

- Appreciated Capital Assets – Taxed upon transfer
- Intellectual Property (e.g. Customer Lists) – Taxed upon transfer
- Exception: Transfers to Foreign Partnerships

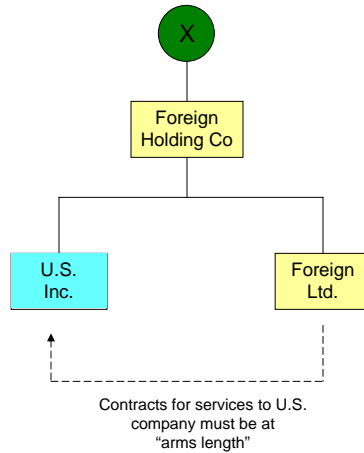
### Controlled Foreign Corporations



### Avoiding CFC Status



Transfer Pricing



“Best Method”

- Cost Plus Contract
  - High Value ?
  - Low Value ?
- R & D Arrangements

Annual Required Reporting by “U.S. Persons”

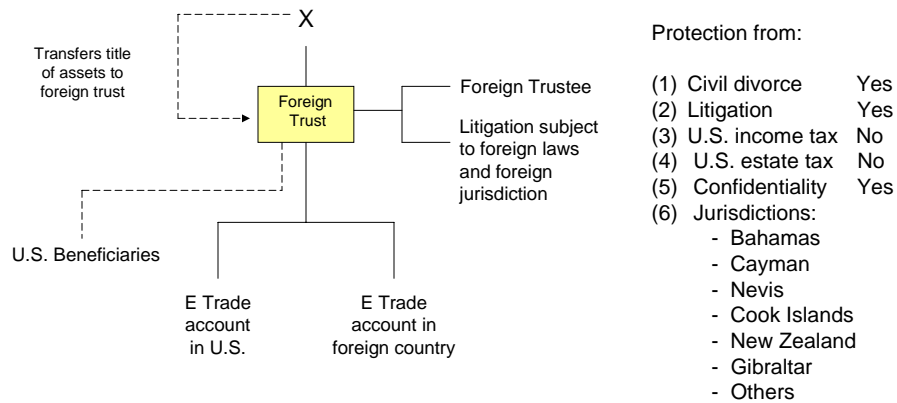
Tax Forms

- Signature or interest in a foreign account  
Treasury Form 90-22.1
- Ownership in
  - Foreign Corporation      Report Form 5471
  - Foreign Partnership      Report Form 8865
  - Foreign Trust              Report Form 3520
- Other tax return disclosures may be required
- IRS Audits (domestic or otherwise) Standard questions on above are included in all audits.

Federal Penalties  
for Noncompliance

- Up to 50% of highest balance in account
- \$10,000 per company, per year
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- 20% of Assets in Trust

### Asset Protection Trust



### Summary

Foreign structures provide significant benefits when:

- (1) Revenues are from foreign sources
- (2) Revenues are from U.S. and business processes can be transferred to a foreign country company
- (3) There is an ability to defer receipt of foreign profits
- (4) There is an appreciation for the additional cost and ongoing complexity of operating in another country
- (5) You have good advisors