



U.S. INBOUND TAX PLANNING
BASIC TAX CHECKLIST FOR FOREIGN-OWNED U.S. OPERATIONS

ENTITY STRUCTURE

- No presence in US (i.e., Use agents or distributors in US) – end analysis here, but consider whether actions create a taxable presence.
- Presence in US (i.e., people or place of business) – Consider (1) what entity structure to use, (2) which state to form entity, and (3) how to capitalize business.

(1) Entity Structures

- Branch
- Subsidiary
- Joint Venture
- Partnership
- Limited Liability Company

(2) Which State to Form Entity

- State where operations exist
- Other state, e.g. Delaware

(3) Capitalization

- Debt
- Equity
 - Common Stock
 - Preferred Stock
 - Partnership Capital Interest

BASIC TAXATION MATTERS

- Taxation of Business
 - Federal
 - State and Local
 - Income Tax
 - Sales & Use Tax
 - Real & Personal Property Tax
- Taxation of Employees
 - U.S. Residents
 - Non-Residents

REPATRIATION OF EARNINGS

- Dividends
 - Withholding (Consider effect of tax treaties)
- Interest
 - Deductibility
 - Withholding (Consider effect of tax treaties)
 - Arm's length standard for related parties
- Sales
 - Taxability to foreign seller
 - Arm's length standard for related parties
- Royalties
 - Deductibility
 - Arm's length standard for related parties

EXIT STRATEGIES

- Liquidation
- Sale of Business
 - Asset v Stock \ Partnership Interest Sale
 - Sale of U.S. Real Property