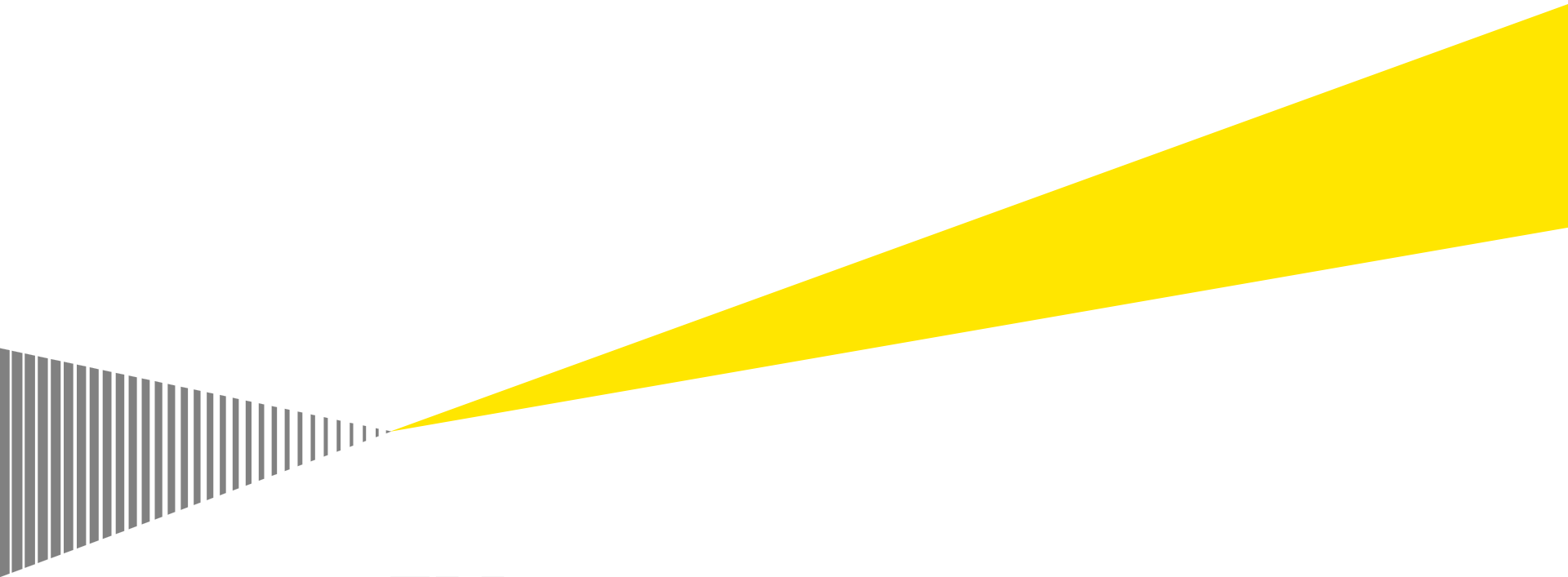


Compliance: navigating the intricacies of reporting a transaction



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Key elements of quantitative analysis

▶ C. A. M. P.

▶ Compliance

- ▶ Forms 5471, 8865 and 8858, 1118, white paper disclosure statements

▶ Attributes

- ▶ Earnings and profits (E&P), tax pools, basis, foreign tax credit (FTC) limitation/carryover, dual consolidated losses (DCLs), overall foreign loss (OFL)

▶ Modeling

- ▶ Planning
- ▶ Tax reform

▶ Provision

- ▶ Financial statement impact

Compliance and reporting trends

- ▶ Optimizing use of compliance software for calculations, attribute accessibility and planning
- ▶ Year-round tracking of changes to the organization structure and disclosure requirements
- ▶ Improve data management and gathering – workflow management
- ▶ Standardization
- ▶ Tools to reduce compliance hours (i.e., automation of intercompany reconciliation)
- ▶ Internal Revenue Service (IRS) audit support

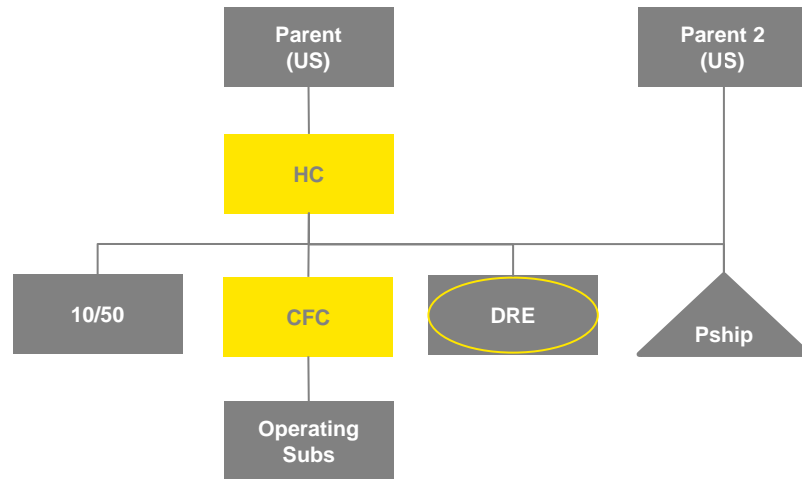
Compliance and reporting trends

- ▶ Year-round tracking of changes to the organization structure and disclosure requirements
 - ▶ As part of step, plan/other documentation of transactions in conjunction with quarterly provision process
 - ▶ Periodic discussion with key business line leaders
 - ▶ Periodic discussion with legal department
 - ▶ Review of newly created, removed or changed ledger numbers
 - ▶ Monitor for changes as validating data collection packages
- ▶ Maintain a disclosure (white paper) matrix
 - ▶ Rolls over year-to-year for tracking annual certifications
 - ▶ Real time additions of new disclosure/white paper items
 - ▶ Identifies attributes needed for reporting
 - ▶ Automation of white paper statements

351 Contribution – contribution of controlled foreign corporations (CFCs)

Reporting and other considerations

Simplified post-transaction structure



General transaction

- ▶ Parent forms a new holding company (HC) corporation for US and foreign purposes
- ▶ Parent makes a §351 contribution of a CFC and its subsidiaries, a 10/50 company, disregarded entity (DRE), and partnership to HC

Formation of New HC and contribution of CFC

Filing requirements

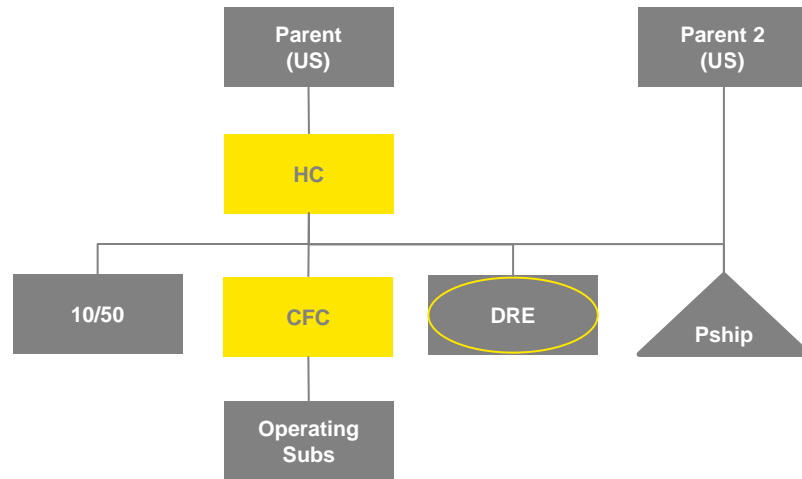
1. Form 5471 reporting for new HC
 - ▶ File as Category 3, 4 and 5, Schedule O needed
2. Required statements
 - ▶ Treas. Reg. §1.351-3(a) and (b) Statements – including FMV and basis or property transferred
 - ▶ Treas. Reg. § 1.367(b)-1(c) (Section 367 Notice – in certain situations)
 - ▶ Section 362(e)(2)(C), Stock Basis Reduction Election (remember a written binding agreement is required as well)
3. Gain Recognition Agreement (GRA) and Form 8838 (consent to extend time)
4. Annual GRA Certification

351 Contribution – contribution of CFC

Reporting and other considerations

(M)odeling	(P)rovision	(C)ompliance
(A)tttributes		

Simplified post-transaction structure



Formation of New HC and contribution of CFC

Filing requirements

5. Form 926, if no GRA, and related Section 6038B statements
 - ▶ Treas. Reg. § 1.6038B-1(c) and 1.6038B-1T(c)

Issues and considerations

- ▶ Compliance software setup needs updating
- ▶ HC will include flow through income, balance sheet, and E&P of DRE and Pship
- ▶ HC Functional Currency will need to be determined
- ▶ FMV and adjusted basis of CFC will need to be determined and reported (GRA, Form 926- if no GRA, 351 statements)
- ▶ Significant penalties may be imposed for not properly filing Form 926 and Form 5471
- ▶ Transferee not required to file a 351(b) statement if all info is included on significant transferor's 351(a) statement.
- ▶ Initial E&P elections under Treas Reg. 1.964-1 should be considered

351 Contribution – contribution of CFC

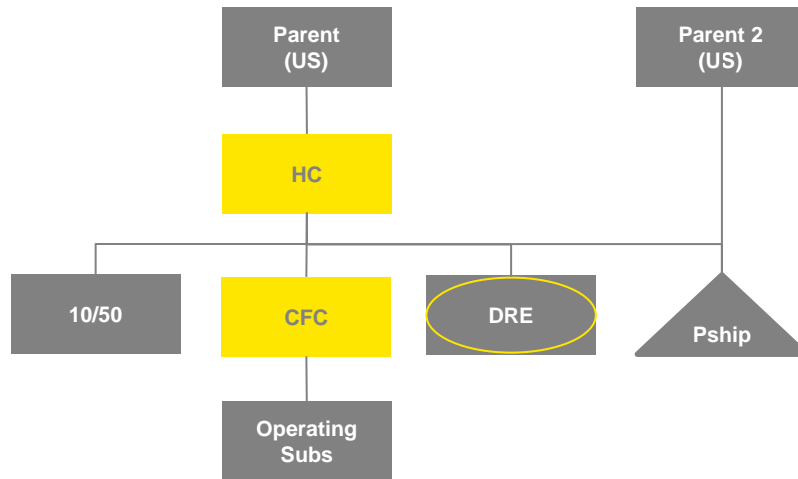
Reporting and other considerations

(M)odeling (P)rovision (C)ompliance

(A)tttributes

Simplified post-transaction structure

Formation of New HC and distribution of CFC



Issues and considerations

- ▶ If assets transferred include stock that is subject to a GRA, then a new GRA must be filed (Treas. Reg. 1.367(a)-8(g)).

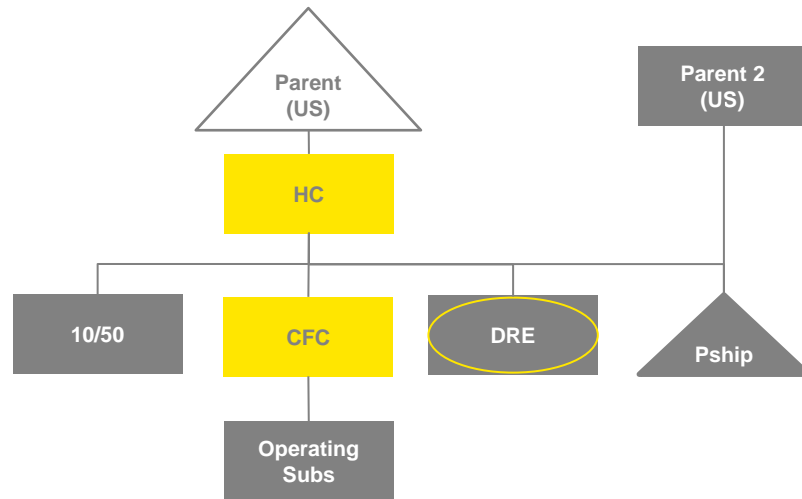
Best practices

- ▶ Review potential first year accounting method elections to determine if any should be made ahead of starting E&P computations
- ▶ Start tracking basis when a new entity is created to make sure information exists on qualified basis (will be potentially needed in the future – reportable transactions)
- ▶ If taxpayer is uncertain of applicability of 362(e)(2) they may make a protective election under 362(e)
- ▶ For entities with no formal valuations, a standard, consistent methodology should be put in place to determine fair market value (FMV)

351 Contribution – contribution of CFC by Partnership

Reporting and other considerations

Simplified post-transaction structure



Formation of New HC and contribution of CFC by partnership

Filing requirements

If parent US is a US partnership versus a corporation

- ▶ Form 926, if no GRA and related Section 6038B statements are required to be filed by the partners (10% or greater interest in HC or indirectly transferred greater than \$100,000)
 - ▶ Treas. Reg. § 1.6038B-1(c) and 1.6038B-1T(c)
- ▶ GRA would be filed at the partner level
- ▶ 351 statement is filed by the partnership with the Form 1065

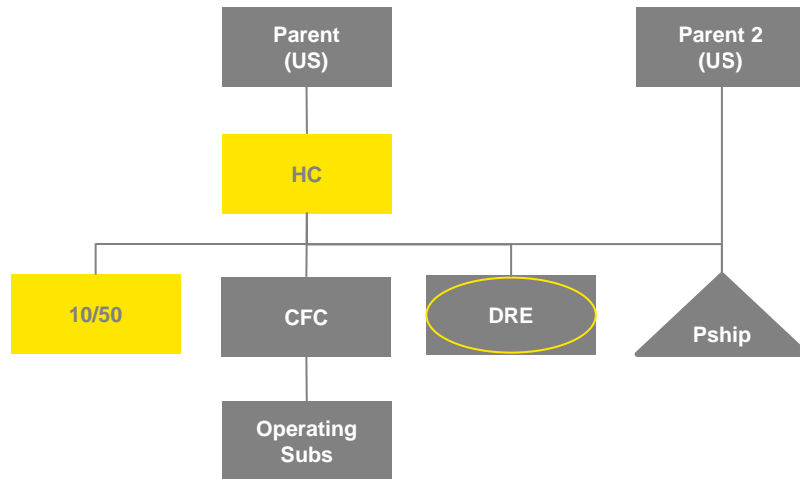
Issues and considerations

- ▶ FMV and adjusted basis of CFC will need to be determined and reported (GRA, Form 926, 351 statements) – needs to be determined early enough to issue K-1s
- ▶ Significant penalties may be imposed for not properly filing Form 926 and Form 5471

351 Contribution – contribution of 10/50 company

Reporting and other considerations

Transaction



- ▶ Parent makes a § 351 contribution of a 10/50 company to HC

Contribution of 10/50 Company to New HC

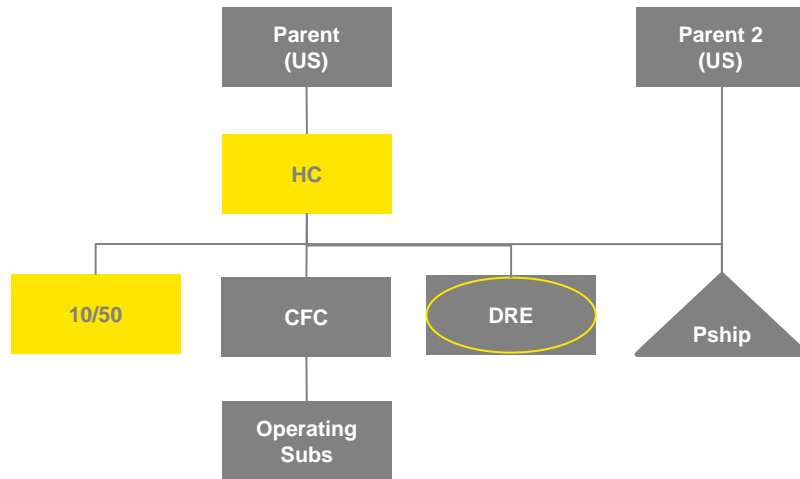
Filing requirements

1. Required statements
 - ▶ Treas. Reg. § 1.367(b)-1(c) (Section 367 Notice, in certain situations)
 - ▶ Treas. Reg. § 1.351-3(a) and (b) Statements – including FMV and basis or property transferred
 - ▶ Section 362(e)(2)(C), Stock Basis Reduction Election
2. Form 926 and related Section 6038B statements, if no GRA
 - ▶ Treas. Reg. § 1.6038B-1(c) and 1.6038B-1T(c)
3. Gain Recognition Agreement (GRA) and Form 8838 (consent to extend time)
4. Annual GRA Certification

351 Contribution – contribution of 10/50 Company

Reporting and other considerations

Contribution of 10/50 Company to New HC



Issues and considerations

- ▶ Since company is not controlled, may be difficult getting information when requested.

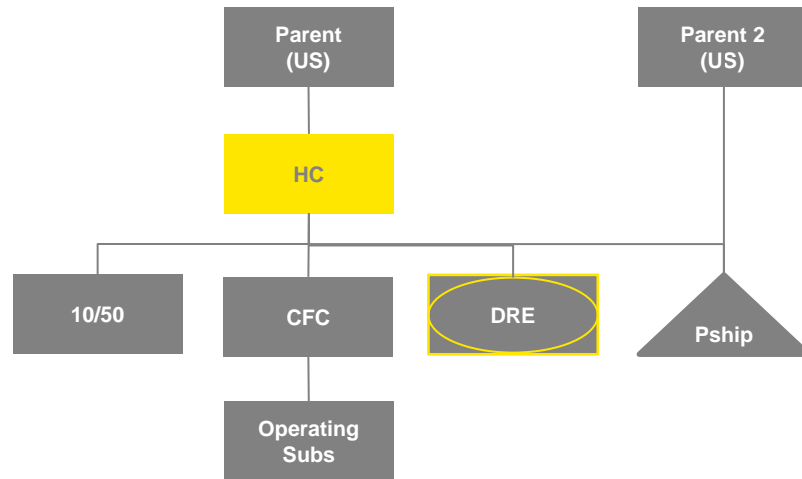
Best practices

- ▶ For 10/50 companies, recommend setting up in international compliance software and keep track of E&P annually even though Forms 5471 are not annually required (for determining dividends and deemed paid credits (DPC) when paid and reporting information when Category 3 filing is required).

351 Contribution – contribution of DRE

Reporting and other considerations

Simplified post-transaction structure



Transaction

- ▶ Parent makes a §351 contribution of a DRE to HC

Contribution of DRE to New HC

Filing requirements

1. Two Form 8858s will need to be filed for the DRE
2. Required statements
 - ▶ Treas. Reg. §1.351-3(a) and (b) Statements – including FMV and basis or property transferred
3. Form 926 and related Section 6038B statements
 - ▶ Treas. Reg. § 1.6038B-1(c) and 1.6038B-1T(c)

Issues and considerations

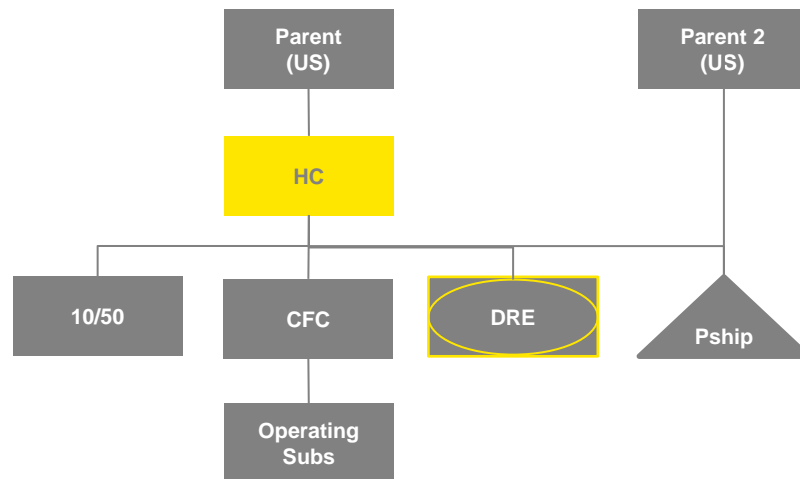
- ▶ HC will include flow through income, balance sheet, and E&P of DRE
- ▶ Transfer will result in a qualified business unit (QBU) termination that may trigger Sec. 987 G/L (report on Form 8858 Sch C-1)
- ▶ Potential Sec. 988 implications

351 Contribution – contribution of DRE

Reporting and other considerations

Simplified post-transaction structure

Contribution of DRE to New HC



Issues and considerations

- ▶ Property transferred must be for use in active trade or business for tax free treatment (certain “tainted “ property does not qualify for this exception).
- ▶ Transfer of intangible property may be taxable under 367(d) and subject to certain reporting requirements 1.6038B-1T(d) – consider licensing rather than contributing
- ▶ Branch income will need to be prorated/bifurcated.
- ▶ If branch had previously deducted losses, recapture of losses may be applicable under Section 367(a)(3)(C) and info to be reported 1.6038B-1T(c)(5)
- ▶ 904(f)(3) recapture may occur

351 Contribution – contribution of DRE

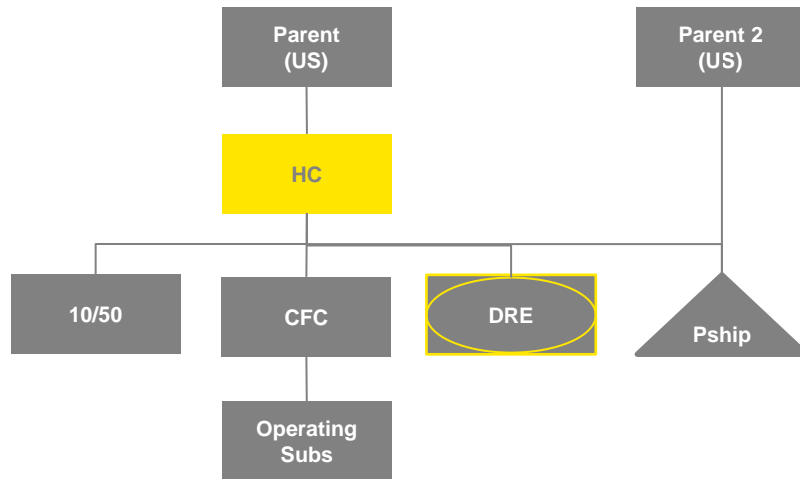
Reporting and other considerations

(M)odeling (P)rovision (C)ompliance

(A)tttributes

Simplified post-transaction structure

Contribution of DRE to New HC



Issues and considerations

- ▶ Consider whether branch previously filed dual consolidated loss (DCL) elections, agreements and statements (Treas. Reg. § 1.1503(d)-6 and Treas. Reg. § 1.1503-2(g)(2)(iii)(3))
- ▶ Have domestic use elections been made? Treas. Reg. § 1.1503-2(g)(2)(iii)B
- ▶ Taxpayer may rebut presumption of triggering event by demonstrating that losses cannot be carried over or used under foreign country laws.

Best practices

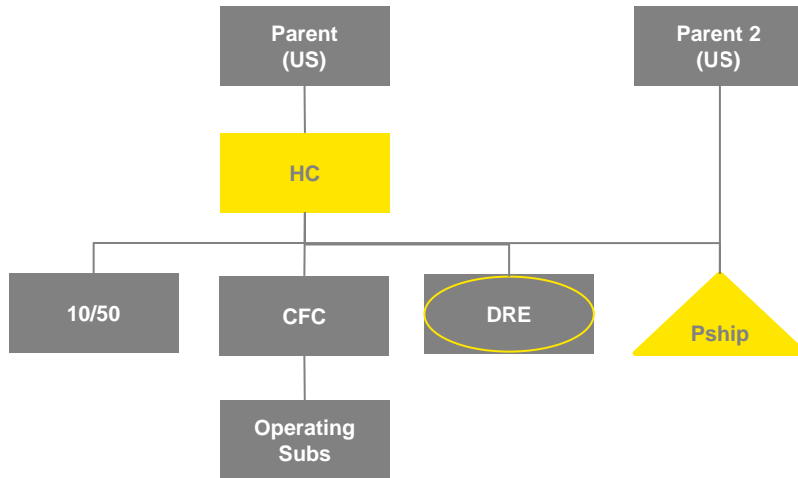
- ▶ Use compliance software to consolidate DRE and HC (eliminate manual spreadsheets).
- ▶ Apply consistent approach and document 987 methodology.

351 Contribution – contribution of partnership

Reporting and other considerations

Simplified post-transaction structure

Transaction



- ▶ Parent makes a §351 contribution of a partnership (Pship) to HC

Contribution of Pship to New HC

Filing requirements

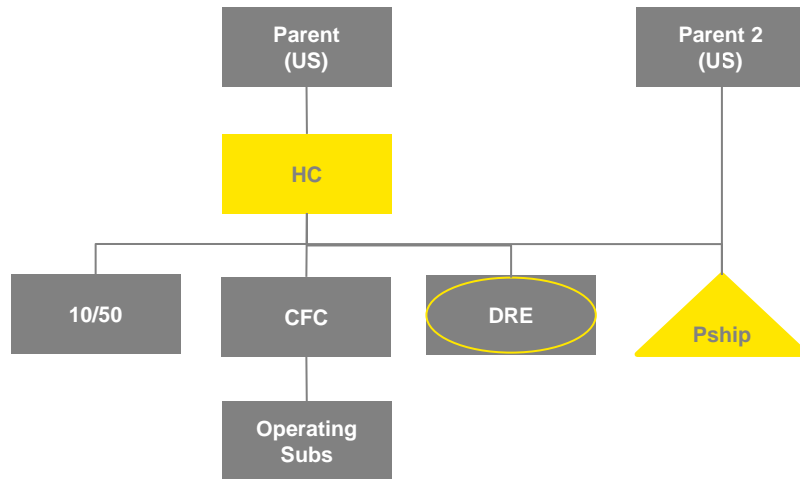
1. Form 8865 filing requirement
 - ▶ Contribution of Pship is treated as a termination under IRC 708(b)(1)(B). Parent will be the filer of 2 Form 8865s as category 1 and 4 filer first period and category 1 and 3 filer after the transfer including page 1 of Form 8865, Schedule A, A-1, A-2, B, D, K, L, M, M-1, M-2, N, K-1, O (Category 3) and P (Category 4) and parent 2 will also need to file a Category 3 only Form 8865, Page 1 of Form 8865, Schedule A, A-1, A-2 and O
2. Form 926 and related Section 6038B statements for parent
 - ▶ Treas. Reg. § 1.6038B-1(c) and 1.6038B-1T(c)

351 Contribution – contribution of partnership

Reporting and other considerations

Simplified post-transaction structure

Contribution of Pship to New HC



Issues and considerations

- ▶ US is treated as transferring a proportionate share of property of the foreign partnership in an exchange 367(a)(1)
- ▶ HC will include flow through income, balance sheet, and E&P of Pship
- ▶ Income will need to be prorated/bifurcated – parent (US) includes the income before the contribution in taxable income

Best practices

- ▶ Use compliance software to consolidate Pship and HC (eliminate manual spreadsheets).

Tax controversy

- ▶ Record retention (Treas. Reg. 1.6001-1(e) – for 351, should include FMV and basis of assets transferred, liabilities assumed or extinguished as part of exchange (Treas. Reg. 1.351-3T(e))

International controversy

As part of the Compliance process

- ▶ Consider issues likely to be questioned in the event of an IRS audit
- ▶ For such issues, secure and retain relevant contemporaneous documentation
 - ▶ Will save time and resources in complying with IRS information requests received years later
 - ▶ Will ensure a stronger response as the information will be contemporaneous with the transactions in question; rather than whatever information a tax staff, not present when the transactions occurred, is able to gather after searching through files three to four years later
 - ▶ This process will be of even greater value going forward given the announced revision of the large business and international (LB&I) information document request (IDR) process – tighter IDR response times with summons enforcement promised for unresponsiveness

International controversy

As part of the Compliance process

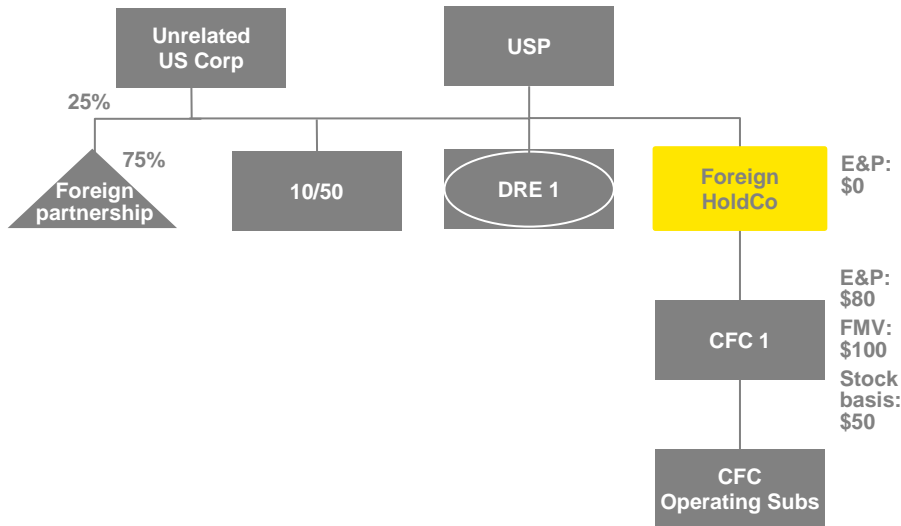
(M)odeling	(P)rovision	(C)ompliance
(A)tttributes		

- ▶ The IRS uses information from the international forms to classify issues for examination
- ▶ For example:
 - ▶ Interest, rents, royalties, etc., fixed, determinable, annual, periodical (FDAP) payments reported on Forms 5471, 5472, etc. – indicators of a Form 1042 filing requirement
 - ▶ Intercompany interest, rents, royalties, or purchases – audit indicators for Section 482 transfer pricing exam; or a Form 926 filing requirement
- ▶ With e-filing, the IRS is able to data mine the information
 - ▶ Year-to-year comparisons of the taxpayer; the taxpayer to the industry; the taxpayer with similar asset size companies; etc.

Section 304 transaction – parent/sub

Reporting and other considerations

Simplified post-transaction structure



Transaction

- ▶ USP transfers CFC1 to Foreign HoldCo in exchange for \$100 note payable (or cash)

Transfer of CFC1

Filing requirements

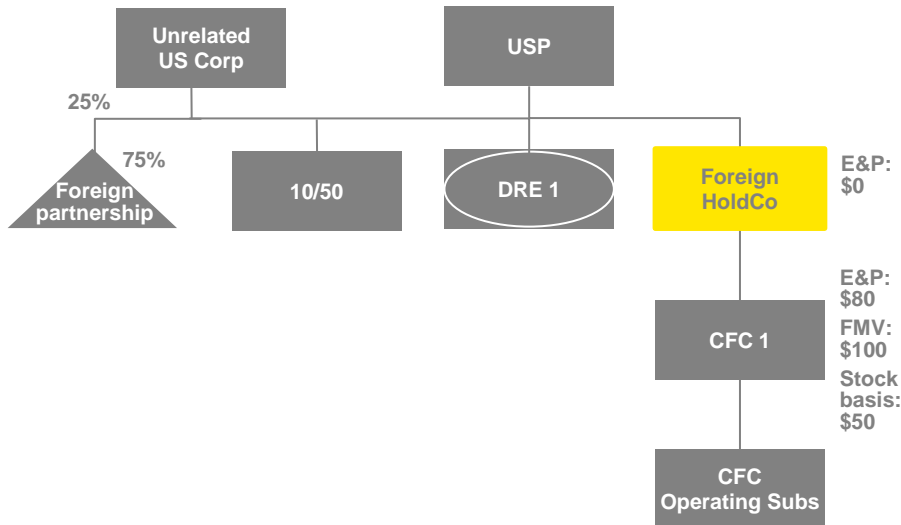
1. Form 5471 reporting
 - ▶ CFC1 Schedule J should reflect the \$80 dividend from the 304 transaction
 - ▶ Schedule M reporting of the dividend, not the return of capital
2. Required statements with respect to USP, CFC1 and Operating Subs
 - ▶ Treas. Reg. §1.351-3(a) and (b) statements – including FMV and basis or property transferred
 - ▶ Treas. Reg. §1.302-2(b)(2) statements – including the FMV and basis of stock in sub(s) transferred and description of property received by transferor
 - ▶ Treas. Reg. §1.367(a)-8
3. GRA and Form 8838 – Consent to Extend the Time to Assess Tax Under Section 367 – Gain Recognition Agreement

Section 304 transaction – parent/sub

Reporting and other considerations

Simplified post-transaction structure

Transfer of CFC1



Filing requirements

- Form 8937, Report of Organizational Actions Affecting Basis of Securities
 - File form or post necessary information on company website.
- Form 5452 – Corporate Report of Nondividend Distributions
- Annual certification of GRA and monitoring of triggering events
 - GRA should include FMV and adjusted basis of CFC
- Form 926 if no GRA

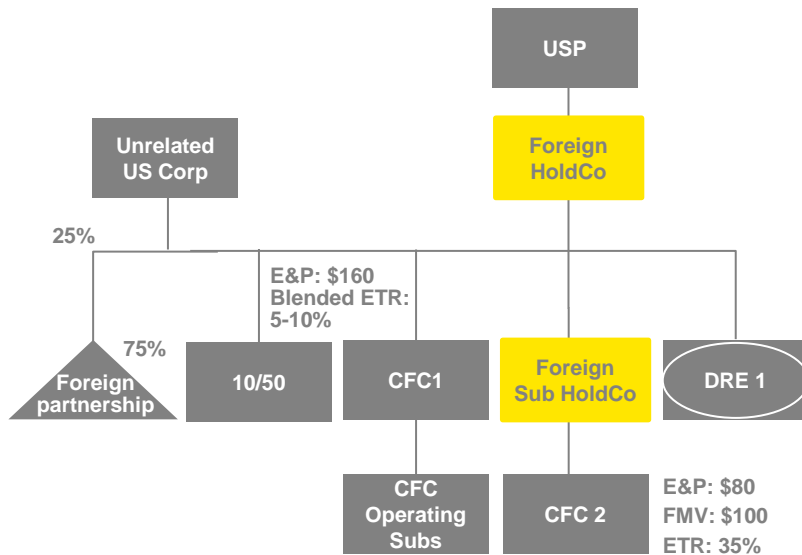
Best practices

- Keep a transaction control list that captures key attributes for disclosures and can be automated.
- Work with planning group on a regular basis to ensure that transactions do not impact the GRA.

Section 304 transaction – brother/sister

Reporting and other considerations

Simplified post-transaction structure



Transaction

- ▶ CFC1 transfers CFC2 to Foreign Sub HoldCo in exchange for \$100 note payable (or cash)
- ▶ Assume that Foreign Sub HoldCo will have a high future effective tax rate (ETR)

Transfer of CFC 2 to Foreign SubHoldCo

Filing requirements

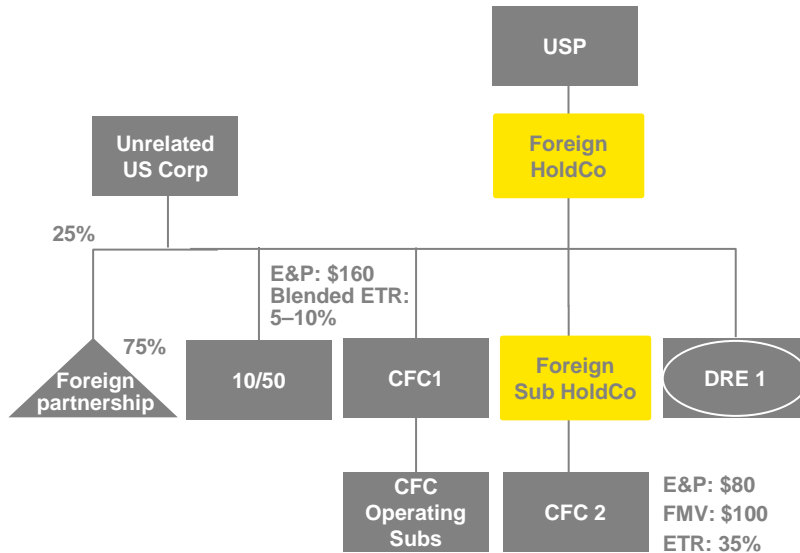
1. Form 5471 reporting
 - ▶ Foreign Sub HoldCo Schedule J should reflect the \$100 dividend from the 304 transaction, if the company has sufficient E&P. If Foreign SubHoldCo has insufficient E&P then the remainder of the \$100 dividend is reflected on Schedule J of CFC2.
 - ▶ Schedule M reporting of the 304 dividend
2. Form 5452 – Corporate Report of Nondividend Distributions

Section 304 transaction – brother/sister

Reporting and other considerations

Simplified post-transaction structure

Transfer of CFC2 to Foreign Sub HoldCo



Filing requirements

3. Form 5471 reporting

- ▶ Treas. Reg. §1.351-3(a) and (b) Statements – including FMV and basis or property transferred.
- ▶ Treas. Reg. § 1.367(b)-1(c) Notice – including any amount required to be taken into account as income or loss or as an adjustment to basis or E&P
- ▶ Treas. Reg. §1.302-2(b)(2) Statements – including the FMV and basis of stock in sub(s) transferred and description of property received by transferor

Issues/considerations

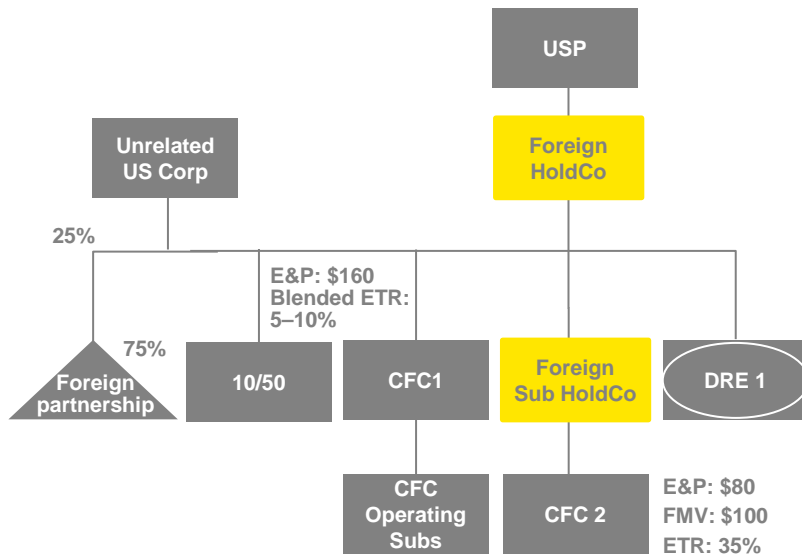
- ▶ Potential Subpart F reporting on Schedules I and J if Section 954(c)(6) if not extended.
- ▶ Most software packages do not account for 304 dividends so will have to figure out a “workaround.”

Section 304 transaction – brother/sister

Reporting and other considerations

Simplified post-transaction structure

Transfer of CFC2 to Foreign SubHoldCo



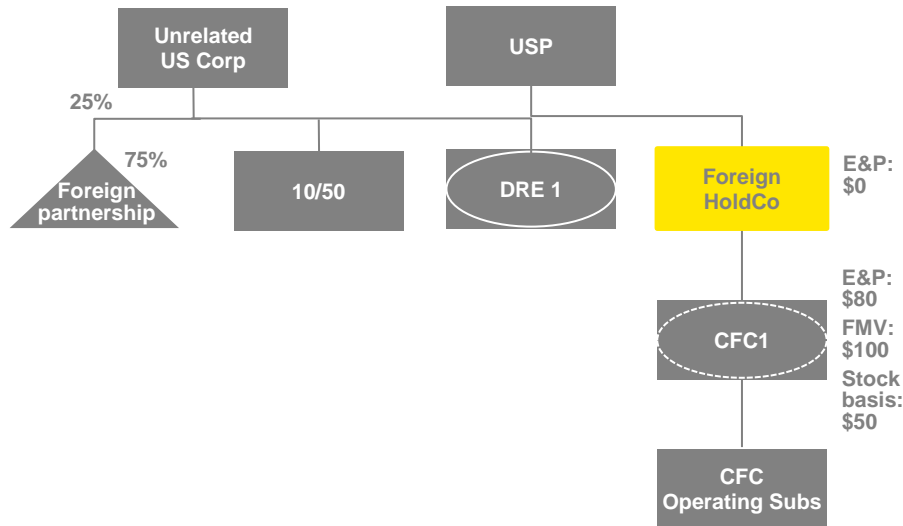
Best practices

- ▶ With regard to disclosures, keep a transaction control log as mentioned in the parent/sub Section 304.
- ▶ Review software settings to ensure proper treatment of Section 954(c)(6). Not limited to Section 304 transaction.
- ▶ Set up software, in advance, to handle 304 dividend.

All Cash “D” Reorganization – parent/sub

Reporting and other considerations

Simplified post-transaction structure



Transaction

- ▶ USP transfers CFC1 to Foreign HoldCo in exchange for \$100 note payable (or cash)
- ▶ CFC1 elects to be disregarded for US tax purposes

Transfer of CFC 1 to Foreign HoldCo

Filing requirements

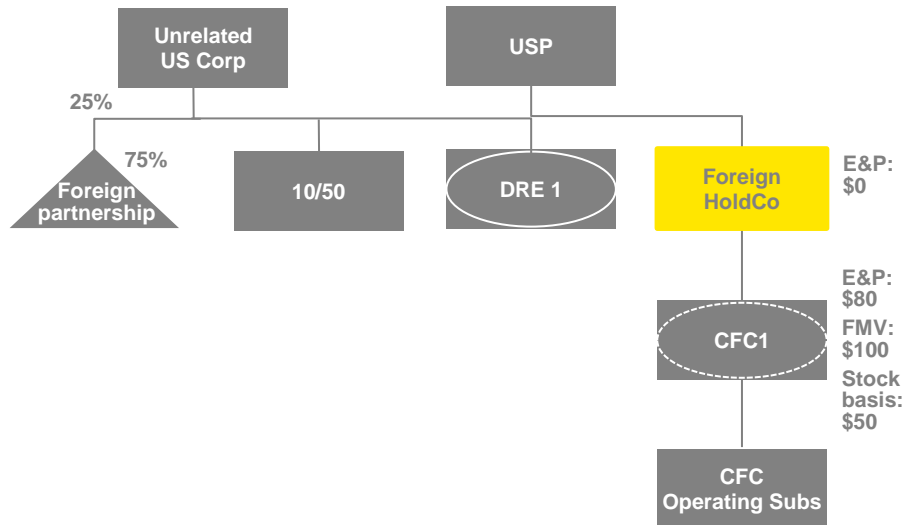
1. Form 5471 reporting
 - ▶ Dividend reported on Schedule J and Schedule M of respective CFCs
2. Form 8832 – included in year election is effective
 - ▶ Form SS-4 required to obtain EIN for purposes of filing Form 8832.
3. Form 8858 – for CFC1 post-check-the-box (CTB) election
4. Form 966 – Treas. Reg. § 1.6043-1
 - ▶ Only required if CFC actually liquidates and files a Form 1120-F or any other US tax return (Form 5471 is not a US tax return); not required if CFC is deemed to liquidate as part of conversion or CTB election.

All Cash “D” Reorganization – parent/sub

Reporting and other considerations

Simplified post-transaction structure

Transfer of CFC 1 to Foreign HoldCo



Filing requirements

5. Required statements with respect to Sub HoldCo, CFC1 and CFC2

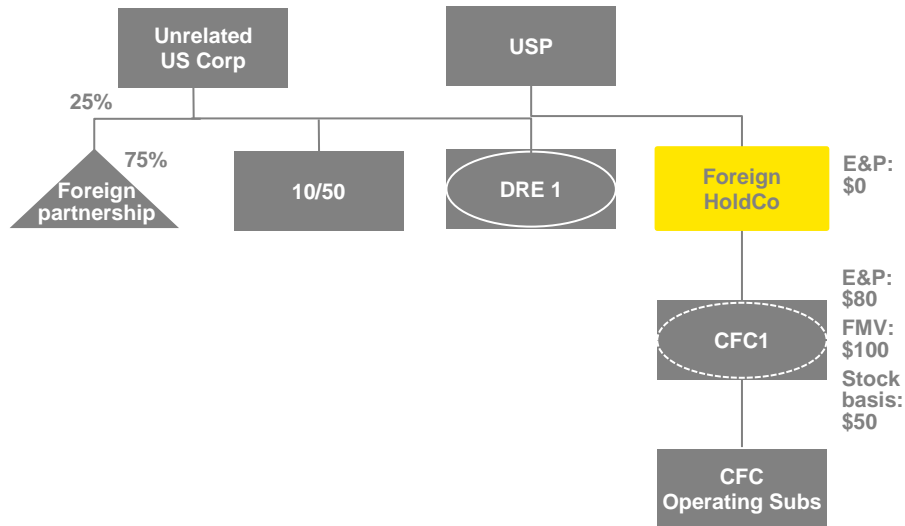
- ▶ Treas. Reg. § 1.367(b)-1(c) (Section 367 Notice) – including any amount required to be taken into account as income or loss or as an adjustment to basis or E&P
- ▶ Treas. Reg. § 1.368-3(a) and (b) Statements – including FMV and adjusted basis of the CFC
- ▶ Treas. Reg. § 1.368-3(b) statements
- ▶ Election of date of carryover of corporate attributes in a reorganization or Section 332 liquidation subject to carryover of attributes under Section 381.

All Cash “D” Reorganization – parent/sub

Reporting and other considerations

Simplified post-transaction structure

Transfer of CFC 1 to Foreign HoldCo



Issues/considerations

- ▶ Income statement proration for form 8858
- ▶ Balance sheet presentation for 5471 and 8858.

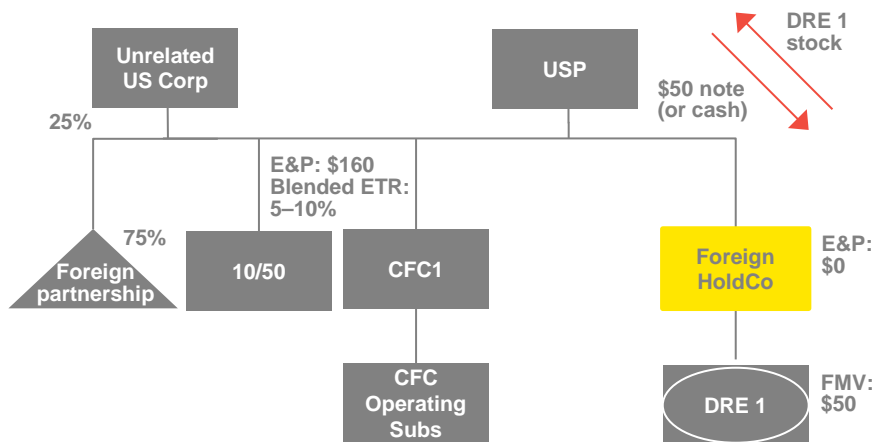
Best practices

- ▶ If accounting system cannot provide the income statement as number of days pre- and post-transaction.
- ▶ Present the balance sheet on the final 5471 as zero, due to deemed liquidation, and the beginning balance sheet on the 8858 as zero due to consolidation issues on Foreign HoldCo 5471.

Sale of a DRE from the US

Reporting and other considerations

Simplified post-transaction structure



Transaction

- ▶ USP sells DRE to Foreign HoldCo in exchange for \$50 note payable (or cash)

Sale of DRE to Foreign HoldCo

Filing requirements

1. Form 8858 reporting
 - ▶ Form filed for pre- and post-transaction
2. Form 8594 – Asset Acquisition Statement Under Section 1060
 - ▶ Should include tax basis of assets

Issues/considerations

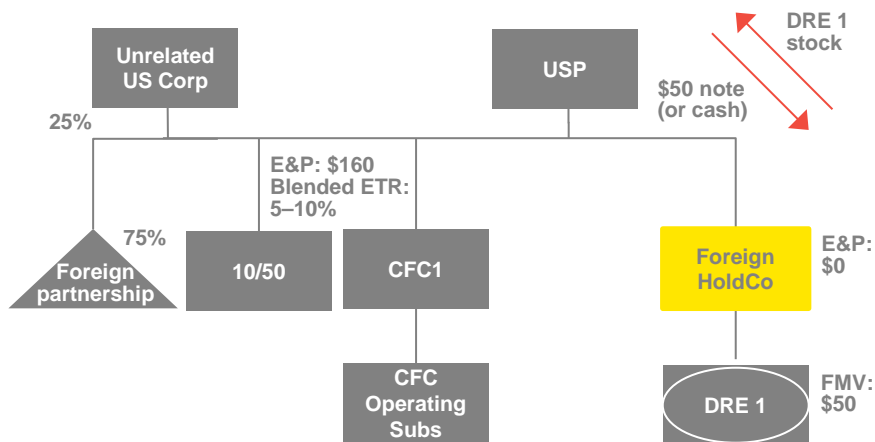
- ▶ Section 987 gain/loss and reporting on Schedule C-1 of Form 8858 if Foreign HoldCo FC is not USD.
- ▶ Reporting of previously disregarded transactions with USP on Schedule M of Form 8858.
- ▶ Potential Dual Consolidated Loss Statement under Reg. §1.1503(d)-(6) and annual certification.

Sale of a DRE from the US

Reporting and other considerations

Simplified post-transaction structure

Sale of DRE to Foreign HoldCo



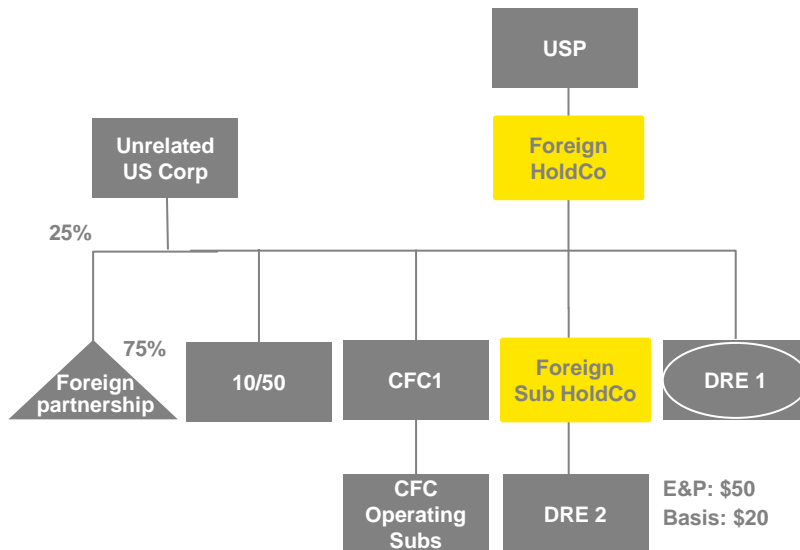
Best practices

- ▶ Start working on purchase price allocation for Form 8594 when the transaction closes so that the information is available when filing the return.
- ▶ Track 987 pools, if applicable, so that a termination of a branch will not cause undue burden in determining gain/loss.
- ▶ Meet with planning team on a regular basis to ensure that transactions will not trigger dual consolidated loss recapture.
- ▶ Prepare dual consolidated loss annual certifications early in the compliance process since the information should be available, assuming no triggering events.
- ▶ Present ending balance sheet on pre-transaction 8858 as zero and beginning balance on post-transaction 8858 as zero to account for software consolidation process.

Sale of a DRE from CFC1 to Foreign Sub HoldCo

Reporting and other considerations

Simplified post-transaction structure



Transaction

- ▶ CFC1 sells DRE2 to Foreign HoldCo in exchange for \$50 note payable (or cash)

Sale of DRE2 to Foreign HoldCo

Filing requirements

1. Form 8858 reporting
 - ▶ Form filed for pre- and post-transaction
2. Form 8594 – Asset Acquisition Statement Under Section 1060
 - ▶ Should include tax basis of assets

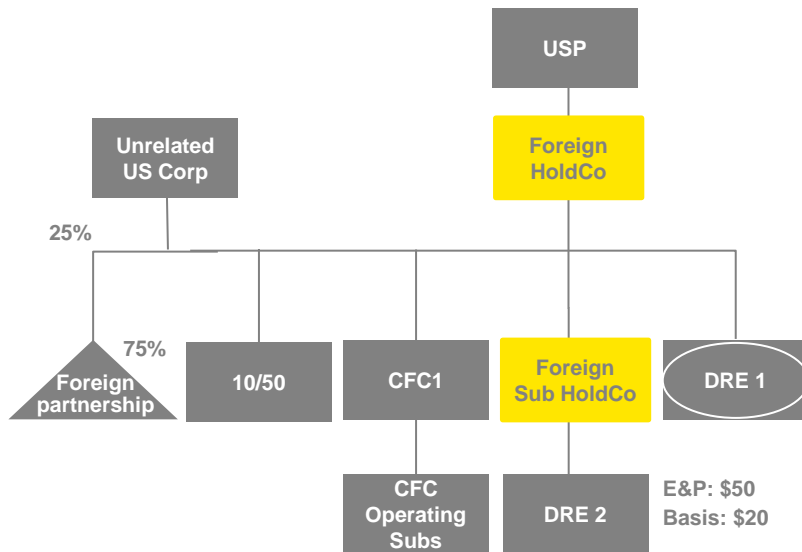
Issues/considerations

1. Section 987 gain/loss and reporting on Schedule C-1 of Form 8858 if Foreign HoldCo FC is different than CFC1.
2. Reporting of previously disregarded transactions with CFC1 on Schedule M of Form 8858 post-transaction.
3. Potential reporting of Subpart F on Schedules I and J of CFC1's 5471.

Sale of a DRE from CFC1 to Foreign Sub HoldCo

Reporting and other considerations

Simplified post-transaction structure



Sale of DRE2 to Foreign HoldCo

Best practices

- ▶ Start working on purchase price allocation for form 8594 when the transaction closes so that the information is available when filing the return.
- ▶ Track 987 pools, if applicable, so that a termination of a branch will not cause undue burden in determining gain/loss
- ▶ Present ending balance sheet on pre-transaction 8858 as zero and beginning balance on post transaction 8858 as zero to account for software consolidation process.

Other considerations

Filing GRAs and other related disclosures

(M)odeling	(P)rovision	(C)ompliance
(A)tttributes		

- ▶ GRAs and related filings (e.g., “new” GRAs, annual certifications, Form 8838), including for indirect stock transfers
 - ▶ Applicable regulations and GRA formats can depend on initial outbound transfer date:
 - ▶ New final regulations under Section 1.367(a)-8 generally apply to GRAs with respect to transfers of stock or securities occurring on or after 13 March 2009
 - ▶ Transfers occurring on or after 7 March 2007 but before 13 March 2009 – Section 1.367(a)-8T applies
 - ▶ Transfers occurring on or after 20 July 1998 but before 7 March 2007 – Section 1.367(a)-8 applies
 - ▶ Subsequent events involving CFCs need to be carefully monitored in order to determine their effect on the gain recognition agreement.

Other considerations

Other filing requirements

- ▶ 338(g) Elections: Forms 8023 and 8883
 - ▶ Forms require a breakout by entity of all assets by category type based on FMV on date of purchase
 - ▶ Requires detailed FMV analysis by entity as well an approach for allocating value to all assets
 - ▶ Items to consider prior to making an election
 - ▶ Impact if purchase includes a mix of foreign and US companies
 - ▶ Understand whether E&P is positive or negative and existing foreign corporations have tax pools
 - ▶ Limitations under Section 901(m)
 - ▶ Impact of bargain purchase on allocation and future depreciation and amortization of tangible and intangible assets

Update – Form 8621: reporting for passive foreign investment company (PFIC)

- ▶ Years ended before 31 December 2013 – Form filed by US persons with direct or indirect interest in a PFIC who:
 - ▶ Received a distribution from, or sold stock in, an interest-charge PFIC (Section 1291)
 - ▶ Held shares in a PFIC that is marked to market (Section 1296 – or Section 475(f)?)
 - ▶ Held shares in a qualified electing fund (QEF) (Sections 1293-1295)
 - ▶ Wishes to make elections with respect to a PFIC
 - ▶ Exception: if you hold stock in a PFIC through a domestic partnership and the domestic partnership properly files Form 8621, then you only need to file if there is an income inclusion under Section 1291.

Form 8621: years ending 31 December 2013 and after

- ▶ In addition, for years ending on/after 31 December 2013, new filing requirements for Form 8621 under Section 1298(f)
 - ▶ Temp. Reg. §1.1298-1T, *as promulgated* by T.D. 9650
 - ▶ Now in addition, will have to file Form 8621 if you *own* a direct or indirect interest in a PFIC, even if you did not receive any income from it during the year
 - ▶ Exception if you own PFIC stock through domestic entity that makes a QEF or mark to market election
 - ▶ Section 475(f)?
 - ▶ Exception for small holdings
 - ▶ Exception for tax-exempt entities, unless PFIC income would be unrelated business taxable income (UBTI)
 - ▶ This is *on top* of existing requirements to file
 - ▶ Although filing one Form 8621 can satisfy both old and new requirements

- ▶ Enhanced reporting requirements do not apply to years ending before 31 December 2013. Temp. Reg. §1.1298-1T(h)
 - ▶ Thus, the suspension/extension of time in Notices 2010-34 and Notice 2011-55 for 2011 and 2012 has become a permanent exemption.
 - ▶ These Notices are now obsolete to the extent they refer to Form 8621.
- ▶ Penalty for failure: statute of limitations for *entire return* remains open indefinitely. Section 6501(c)(8)

International controversy

IRS considerations

What are the international areas of likely IRS interest?

- ▶ Currently, LB&I has developed series of International Practice Networks (IPNs) aimed at addressing what they have identified as an international issue matrix
 - ▶ The IRS views the IPNs as a form of training.
 - ▶ An example of an IPN product is the transfer pricing roadmap published recently.
 - ▶ The content of the various IPNs within the matrix are similar to the roadmap.
 - ▶ As more IPN material becomes public, it is an obvious source of information on likely IRS audit issues.

International controversy

Other reporting items for consideration

- ▶ Report of Foreign Bank and Financial Accounts (FBAR)
 - ▶ New filing considerations due to Financial Crimes Enforcement Network (FinCEN)'s e-file mandate for FBARs
- ▶ Delinquent international information returns
 - ▶ Automated Penalty program
 - ▶ FAQ 18

Reporting and compliance

Key takeaways

(M)odeling	(P)rovision	(C)ompliance
(A)tttributes		

- ▶ Be involved with planning
 - ▶ Have quarterly meetings with accounting and legal departments to ensure Compliance has necessary information for completion of forms and statements
 - ▶ Allows for timely attribute considerations prior to return filing
- ▶ Keep an updated log for reporting each transaction that occurred during the year and common items to consider
- ▶ Automate processes as much as possible (i.e., disclosure template).
- ▶ Utilize international tax software packages to ensure accurate calculations.

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