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U.S. Tax Planning For CFCs Under Subpart F

April 25 & 26, 2012
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and planning session with group
live instruction on the latest
Subpart F issues affecting the
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U.S. Tax Planning For CFCs Under Subpart F

April 25 & 26, 2012
Chicago
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DAY ONE

- 8:00 AM **Registration and Continental Breakfast**
- 8:45 AM **Chairperson's Introduction and Overview**
- 9:00 AM **Overview of Subpart F Provisions – Basic Mechanics**
- What is a Controlled Foreign Corporation?
 - Effect of voting agreements, etc. on CFC determination
 - Basic mechanics of Subpart F
 - Overview of Subpart F income definition
 - Calculating the Sec. 960 credit for deemed inclusions
 - Introduction to previously taxed income accounts
- 10:30 AM **Break for Refreshments**
- 10:45 AM **Section 954(d) – Foreign Base Company Sales Income**
- Review of the foreign base company sales income rules of Sec. 954(d)
 - Consideration of the IRS's recent attack on the "its" defense
 - Review of the application of the Branch Rule of Sec. 954(d)(2)
- 12:15 PM **Luncheon**
- 1:15 PM **Overview of Sections 954(c) and 954(e)**
- Detailed review of foreign personal holding company income definition
 - Calculating foreign base company services income and application of the substantial assistance rules
 - Review of the foreign base company service rules
 - Preparing for sunset of CFC look-through
- 2:30 PM **Break for Refreshments**
- 2:45 PM **Section 1248**
- Foreign tax credit consequences of recognizing Sec. 1248 amount, interaction with Secs. 338(g) and 338(h)(16), discussion of CCA 200103031
 - Planning for dispositions of CFC stock
 - Proposed check-the-box anti-abuse regulations
 - Discussion of the so-called "check and sell" technique for sales of first-tier and lower-tier CFCs
- 4:00 PM **Interaction of Subpart F and Subchapter K Provisions**
- Using foreign partnerships v. corporations in joint venture planning
 - The Tax Court and Eighth Circuit decisions in *Brown Group v. Commissioner*
 - Discussion of final Brown Group regulations
 - Developments resulting from the American Job Creation Act
 - Domestic Subpart F "blocker" partnerships and Notice 2009-7
- 5:30 PM **Conference Adjourns for the Day**

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DAY TWO

- 8:00 AM **Continental Breakfast**
- 8:30 AM **Reporting Issues for Disregarded Entities and Allocation of Deductions in Computing Subpart F Income**
- Form 8858
 - Potential increased audit risk for transactions between disregarded entities
 - Calculating net foreign base company sales income
 - Computation of CFC's E&P for purposes of the E&P limitation
 - Use of accumulated E&P deficits and E&P deficits of lower-tier CFCs to reduce Subpart F income
- 9:45 AM **Break for Refreshments**
- 10:00 AM **Section 956 – CFC Investments in United States Property**
- Overview of Sec. 956 and mechanics of deemed income inclusion
 - Coordination of Sec. 956 inclusions and Subpart F inclusions
 - Definition of "United States Property"
 - Application of Notice 2008-91 and discussion of issues in AM2009-013
 - Issues involving Sec. 956 and partnerships
- 11:15 AM **Section 959 – Previously Taxed Income of a CFC**
- Review of the PTI provisions of Sec. 959
 - Proposed Sec. 959 regulations
 - Analysis of the foreign currency implications of PTI distributions
 - Consideration of PTI planning techniques
- 12:30 PM **Luncheon**
- 1:15 PM **Repatriating Low-Tax Earnings from a CFC**
- Affirmative use of Sec. 956
 - Review of Notice 2006-85 and 2007-48, and the "Killer B" temporary regulations
 - Analysis of proposed stock basis regulations and temporary Sec. 367[a] regulations addressing repatriation via Sec. 304 transactions
 - Discussion of alternatives to permanent repatriation of low-taxed income
- 3:00 PM **Conference Concludes**

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DAY ONE

- 8:00 AM **Registration and Continental Breakfast**
- 8:20 AM **Chairperson's Introduction and Overview**
- 8:30 AM **Round Table Discussion "Washington Update on Foreign Tax Credits"**
This Panel will discuss the August 2010 legislative changes to the Foreign Tax Credit, along with IRS guidance and recent legislative proposals for 2011-12.
- 10:00 AM **Break for Refreshments**
- 10:15 AM **Understanding Basic Foreign Tax Credit Mechanics**
- Standards for Creditability under Sec. 901, including the IRS's current position on the Mexican IETU
 - In lieu of taxes under Sec. 903 and PP&L v. Commissioner addressing the UK windfall profits tax
 - Crediting taxes v. deducting them and the Tax Court's decision in *Chrysler Corp. v. Commissioner*
- 11:15 AM **Understanding the Section 904 Foreign Tax Credit Limitation**
- Rationale for multiple baskets
 - Description of the foreign tax credit baskets
 - Review of *American Air Liquide Inc., v. Commissioner* and regulation 1.904-4(b)(2)(i)
 - Foreign tax credit carrybacks and carryforwards under Sec. 904(c)
- 12:00 PM **Luncheon**
- 1:00 PM **The Effect of Losses on the Foreign Tax Credit Limitation**
- Calculation and effect of separate limitation losses and consequences of recapture
 - Calculation and effect of overall foreign losses and the consequences of recapture under Sec. 904(f)(1) and (3)
 - Calculation and effect of overall domestic losses and recapture under Sec. 904(g)
- 2:00 PM **Break for Refreshments**
- 2:15 PM **General Overview of Sourcing Rules on Foreign Tax Credit Limitation**
- Overview of sourcing rules
 - Sourcing revenue items sales of inventory, depreciable property, and stock
 - Review of FSA 200152006 addressing the application of Sec. 863(b) to maquiladora operations
 - Sourcing expense items and review of TAM 200134007 and allocation of expenses to a foreign permanent establishment

- 3:15 PM **Foreign Tax Credit Aspects of Mergers & Acquisitions Transactions**
- Impact of new Sec. 901(m): Are Sec. 338(g) elections still desirable?
 - Tax-free acquisition of foreign target's stock. Effect on E&P and foreign tax credit pools
 - Foreign mergers, spinoffs, and restructurings. Effect of Sec. 367(b) regulations on E&P and foreign tax credit pools
- 4:15 PM **Foreign Tax Credit Redeterminations Under Sec. 905 (c)**
- Temporary regulations addressing circumstances in which a redetermination is required
 - Procedural aspects of foreign tax credit redeterminations. Notifying the IRS and penalties for failure to do so
 - Currency translation issues when foreign taxes are redetermined
- 5:15 PM **Conference Adjourns for the Day**

DAY TWO

- 7:45 AM **Continental Breakfast**
- 8:30 AM **Understanding the Interest and R&D Expense Apportionment Rules**
- Apportioning interest expense to U.S. & foreign sources, including discussion of TAM 200212001
 - When to use the fair market value method v. the tax book value method
 - Understanding the CFC netting rules
- 9:45 AM **Break for Refreshments**
- 10:00 AM **Foreign Tax Credit Optimization**
- Defining optimal foreign tax credit planning
 - Outline foreign tax credit planning objectives
 - Planning techniques for taxpayers in a managed foreign tax credit position, excess credit position, excess limitation, and overall foreign loss position
- 11:15 AM **Avoiding the IRS Foreign Tax Credit Anti-Abuse Provisions**
- Review of Notice 2003-50 addressing stapled entities in foreign tax credit planning
 - The Tax Court and appellate court decisions in *Compaq v. Commissioner* and *IES v. Commissioner*
 - Understanding the holding period requirements in Sec. 901(k)
 - Impact of Sec. 904(i) and de-consolidation to avoid foreign tax credit limitations
- 12:30 PM **Conference Concludes**

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U.S. Tax Planning For CFCs Under Subpart F

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Why You Should Attend:

Tax professionals need to maintain their knowledge of the latest Subpart F rules and understand how deemed dividends under Subpart F and Sec. 956 investments can be used as a tax planning tool. This course, only offered by Bloomberg BNA | CITE, is designed as an intensive, technical review of the Subpart F provisions and their affect on U.S. multinational planning.

Save the Dates:

TAX ASPECTS OF INTERNATIONAL ACQUISITIONS AND REORGANIZATIONS

May 21 & 22, 2012, Philadelphia
Morgan Lewis Conference Center

EARNINGS & PROFITS OF FOREIGN SUBSIDIARIES

May 23 – 25, 2012, Philadelphia
Morgan Lewis Conference Center

Who Should Attend:

This intermediate-level course is designed for VP taxes, directors of tax, tax managers, controllers, tax attorneys, tax accountants, and other financial executives who have attended an introductory-level course on international tax or have obtained some business related experience on operating CFCs and reporting the results of CFC activities. An introductory course or its equivalent is recommended prior to attending this intermediate-level program. This program is nontransitional, which is appropriate for experienced attorneys.

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Current Developments Affecting U.S. Foreign Tax Credit Benefits

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Why You Should Attend:

Bloomberg BNA | CITE presents a two-day course with group live instruction on Current Developments Affecting U.S. Foreign Tax Credit Benefits. This course will address the most recent legislation and guidance issued by the IRS. It will focus on maximizing your company's foreign tax credit benefits while implementing the latest strategies minimizing the U.S. tax cost on reinvesting or repatriating foreign earnings in today's unstable economic markets. With the decline of corporate tax rates around the world, tax practitioners today need to be aware of the latest strategies for reducing foreign taxes, as well as techniques for maximizing the foreign tax limitation formula. In addition, foreign tax credit benefits can be affected by seemingly unrelated foreign transactions, such as foreign source losses, interaction of the FSC regime, and how the expense and apportionment rules can affect foreign source income.

Who Should Attend:

This course is intended for corporate tax directors and managers, accountants and CPAs, attorneys, and other corporate finance executives looking for practical solutions to complex cross-border tax issues. An introductory-level course or its equivalent is recommended prior to attending. This program is nontransitional which is appropriate for experienced attorneys.

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Conferences Location:

The conference will be held at:

Baker & McKenzie Conference Center
50th Floor Conference Center
300 East Randolph Street
Chicago, IL 60601

Hotel accommodations are at your own discretion. We suggest the following:

Fairmont Hotel
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200 N. Columbus Dr.

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323 E. Wacker Dr.

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