



Hot Issues in International Tax Controversy

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Key New Issues on the Tax Controversy Landscape

◆ Codification of Economic Substance

- Notice 2010-62 - Issued September 13, 2010
- LMSB Directive – 4-0910-024 Issued September 14, 2010
 - Mandatory coordination of Economic Substance Penalty

◆ Disclosure of Uncertain Tax Positions (UTPs)

- Announcement 2010-75: Release of Final Schedule UTP and Instructions
- Announcement 2010-76: IRS Expands Policy of Restraint
- New IRS Field Directive: Initial Guidance Addressing Schedule UTP Examinations and Related Matters

◆ Section 6501(c)(8)

- Reasonable Cause provision enacted

◆ Tax Accrual Workpapers



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3

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◆ U.S. Multinationals and Investments in Foreign Subsidiaries

- Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations
- Revisions to Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation
- Section 367 GRAs and 'Available Upon Request'
- Compliance and Transition issues regarding Dual Consolidated Losses
- Foreign Tax Credit Generators – Tier 1 Issue and other FTC Issues
- International Financial Transactions
- Section 965 Foreign Earnings Repatriation – Tier 1 Issue



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4

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◆ Inbound Transactions

- Withholding on Cross Border Payments (Form 1042) – Tier 1 Issue
- Cross-Border Financing
- Issuance of New Form 8926, Disqualified Corporate Interest Expense Disallowed Under Section 163(j) and Related Information

◆ Miscellaneous

- Reporting of Foreign Financial Accounts
- International Hybrid Instruments – Tier 1 Issue (monitoring)
- Extraterritorial Income Exclusion Effective Date and Transition Rules – Tier 2 Issue (monitoring)



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5

Hot Issues in the Transfer Pricing Practice

- ◆ Transfer of Intangibles Offshore/Cost-Sharing – Tier 1 Issue
- ◆ Cost-Sharing Stock-Based Compensation – Tier 2 Issue
- ◆ Stock-Based Compensation/Management Fees
- ◆ Headquarters/Stewardship
- ◆ Section 936 Exit Strategies – Tier 1 Issue (monitoring)



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6