



# US Investment/Tax Seminar

October 28, 2024  
InterContinental Hotel, Seoul

| Unlocking our power

# Agenda

**1**

**2023 US Presidential Election-  
Tax and Trade Policy**

**2**

**Business Site Selection in the  
US**

**3**

**Top 7 Things You Want to know  
in launching new Business in the  
US**



# 2024 Presidential Election - Tax & Trade Policy

Speaker:  
Brian Choi - Partner, KPMG US (New York)

# 2025 Tax Cliffs - Business Provisions

Current law provision (TCJA)	Automatic law change
<p><b>GILTI/FDII</b></p> <p>Under current law, domestic corporations are allowed a 50% deduction for GILTI amounts (resulting in a tax rate of 10.5%) and a 37.5% deduction for income deemed derived from foreign intangibles (FDII) (resulting in a tax rate 13.125%).</p>	<p><b>December 31, 2025 – GILTI/FDII</b></p> <p>For tax years beginning after December 31, 2025, the deduction amount for GILTI will be reduced from 50% of the corporate rate to 37.5%. The GILTI rate goes up from 10.5% to 13.125%.</p> <p>The deduction amount for FDII goes down from 37.5% of the corporate rate to 21.87%. The FDII rate will also go up, from 13.125% to 16.4%</p>
<p><b>Base erosion and anti-abuse tax (BEAT)</b></p> <p>The BEAT is a 10% minimum tax that aims to stop foreign and domestic corporations operating in the U.S. shifting profits out of the U.S. through the targeting of certain related-party payments defined as “base erosion payments.”</p>	<p><b>December 31, 2025 – Base erosion and anti-abuse tax (BEAT)</b></p> <p>For tax years beginning after December 31, 2025, the BEAT rate increases from 10% to 12.5% for applicable taxpayers with BEAT liability; the rate goes up from 11% to 13.5% for certain banks and securities dealers.</p> <p>Similarly, for tax years beginning after December 31, 2025, the calculation of “modified taxable income” (MTI) disallows the benefit of all credits (including all previously retained credits, the research credit and qualifying section 38 credits).</p>

# 2025 Tax Cliffs - Business Provisions (continued)

Current law provision (TCJA)	Automatic law change
<p>Bonus depreciation (Sec. 168(k))</p> <p>Bonus depreciation allowed in 2023 is 80% Bonus depreciation allowed in 2024 is 60% Bonus depreciation allowed in 2025 is 40% Bonus depreciation allowed in 2026 is 20% No bonus depreciation allowed starting 2027</p>	<p>December 31, 2026 – Bonus depreciation</p> <p>Section 168(k) bonus depreciation expires for property acquired and placed in service after 12/31/2026.</p>
<p>Work opportunity tax credit</p> <p>A federal tax credit is available to employers for 40% of the first-year wages paid to individuals from certain targeted groups facing significant barriers to employment.</p>	<p>December 31, 2025 – Work opportunity tax credit</p> <p>The credit is unavailable for wages paid to an employee who begins work after December 31, 2025</p>

# 2025 Tax Cliffs - Business Provisions (continued)

Current law provision (TCJA)	Automatic law change
<p><b>Qualified business income deduction (Sec. 199A)</b></p> <p>A 20% deduction may be taken against “qualified business income” from a partnership, S corporation or sole proprietorship.</p>	<p><b>December 31, 2025 – Qualified business income deduction</b></p> <p>Deduction ends for tax years beginning after December 31, 2025.</p>
<p><b>Loss limitation rules for taxpayers other than C corporations</b></p> <p>The amount of “excess business losses” that noncorporate taxpayers can use to offset other sources of income is limited. This limitation is applied after the application of the passive loss rules. Any disallowed excess business loss is treated as a net operating loss carryover to the following tax year.</p>	<p><b><u>December 31, 2028</u> – Loss limitation rules for taxpayers other than C corporations</b></p> <p>The section 461(l) limitation expires for tax years beginning on or after January 1, 2029.</p>
<p><b>Deductibility of certain food and beverage expenses provided by employers (Sec. 274(o))</b></p> <p>A 50% deduction limitation applies for any expense for food and beverages provided by employers as de minimis fringe benefits for meals provided at an on-premises eating facility or for the convenience of an employer under section 119.</p>	<p><b>December 31, 2025 – Deductibility of employer de minimis meals and related eating facility, and meals for the convenience of the employer.</b></p> <p>No deduction is allowed after 2025 for on-premises eating facilities and the food and beverages or meals furnished to an employee for the convenience of the employer.</p>





# Comparison of Key Tax Pledges by Candidate

Area	Kamala Harris (D)	Donald Trump (R)
<b>Personal income tax provisions</b>	<ul style="list-style-type: none"> <li>• Extend personal tax related tax cuts under TCJA on income &lt; \$400K.</li> <li>• No tax on tips income.</li> <li>• Expand child tax credit, the earned income tax credit for non-parents.</li> <li>• Expand housing tax credits, credits for new home buyers.</li> <li>• Increase the top tax rate on LTCG to 28% for TI above \$1M.</li> <li>• Increase the net investment income tax to 5% on income &gt; \$400K.</li> <li>• Billionaire's tax; tax on unrealized capital gains.</li> </ul>	<ul style="list-style-type: none"> <li>• Extend personal tax related tax cuts under TCJA.</li> <li>• No tax on tips income.</li> <li>• No tax on social security income.</li> <li>• No tax on overtime payment income.</li> </ul>
<b>Business provisions</b>	<ul style="list-style-type: none"> <li>• Let TCJA's business tax cuts expire and replace with new provisions.</li> <li>• Increase the corporate tax rates to 28% (CAMT/GILTI at 21%).</li> <li>• Repeal FDII and replace with a similar size/nature of incentives.</li> <li>• Change BEAT.</li> <li>• Increase the \$5,000 deduction for startup costs to \$50,000.</li> <li>• Continue the IRA.</li> </ul>	<ul style="list-style-type: none"> <li>• Extend TCJA's business tax cuts and make them permanent.</li> <li>• Lower the corporate income tax rate to 15% for companies that make their products in the US.</li> <li>• Impose a universal baseline on all U.S. imports of 10% to 20%.</li> <li>• Impose a 60% tariff on all U.S. imports from China.</li> <li>• Consider replacing personal income taxes with increased tariffs.</li> <li>• "Repeal the IRA."</li> </ul>

Sources:  
[The 2024 Greenbook by the White House,](#)  
[Trump vs. Harris Tax Plans: Election 2024 | Tax Foundation](#)



# Future of the IRA Tax Credits Post-2024 Elections

## Factors Threatening IRA Tax Credits

- ❖ “I will repeal the IRA as a day-one action.”
- ❖ \$4.3 trillion cost for extending the 2017 tax cut
- ❖ Is the IRA investment size in the “Red States” really a firewall?
- ❖ Republican Trifecta?

## Factors Supporting Continuation of IRA Tax Credits

- ❖ IRA investment size and political sentiment in the Red States
- ❖ Federal grants and loan could get hit first
- ❖ A full-scale repeal vs. surgical modification
- ❖ If not Republican Trifecta, a battle around Treasury Regulations which takes time.



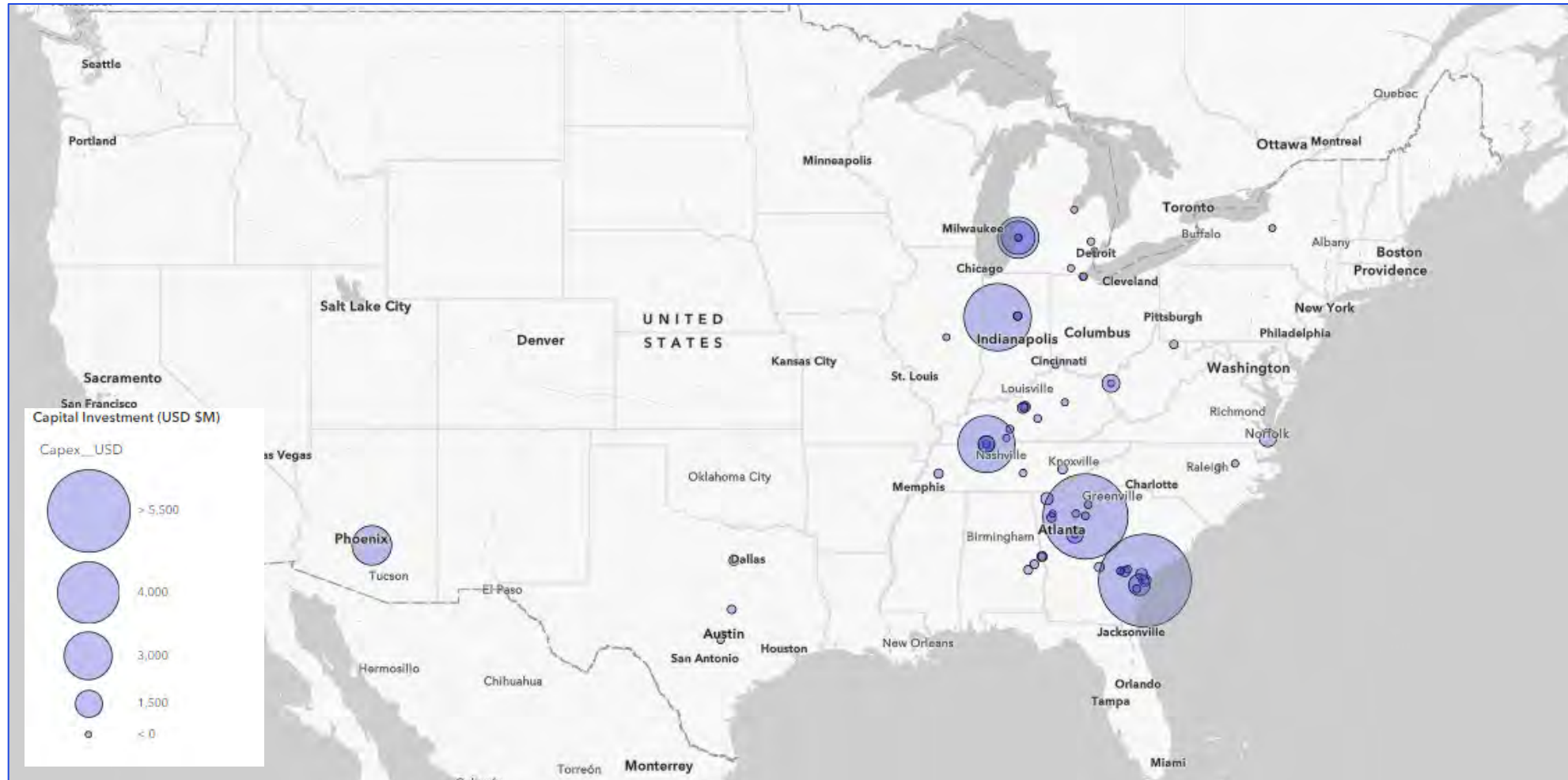
# Site Selection Overview

Speaker:

Ulrich Schmidt - Principal, KPMG US (Philadelphia)

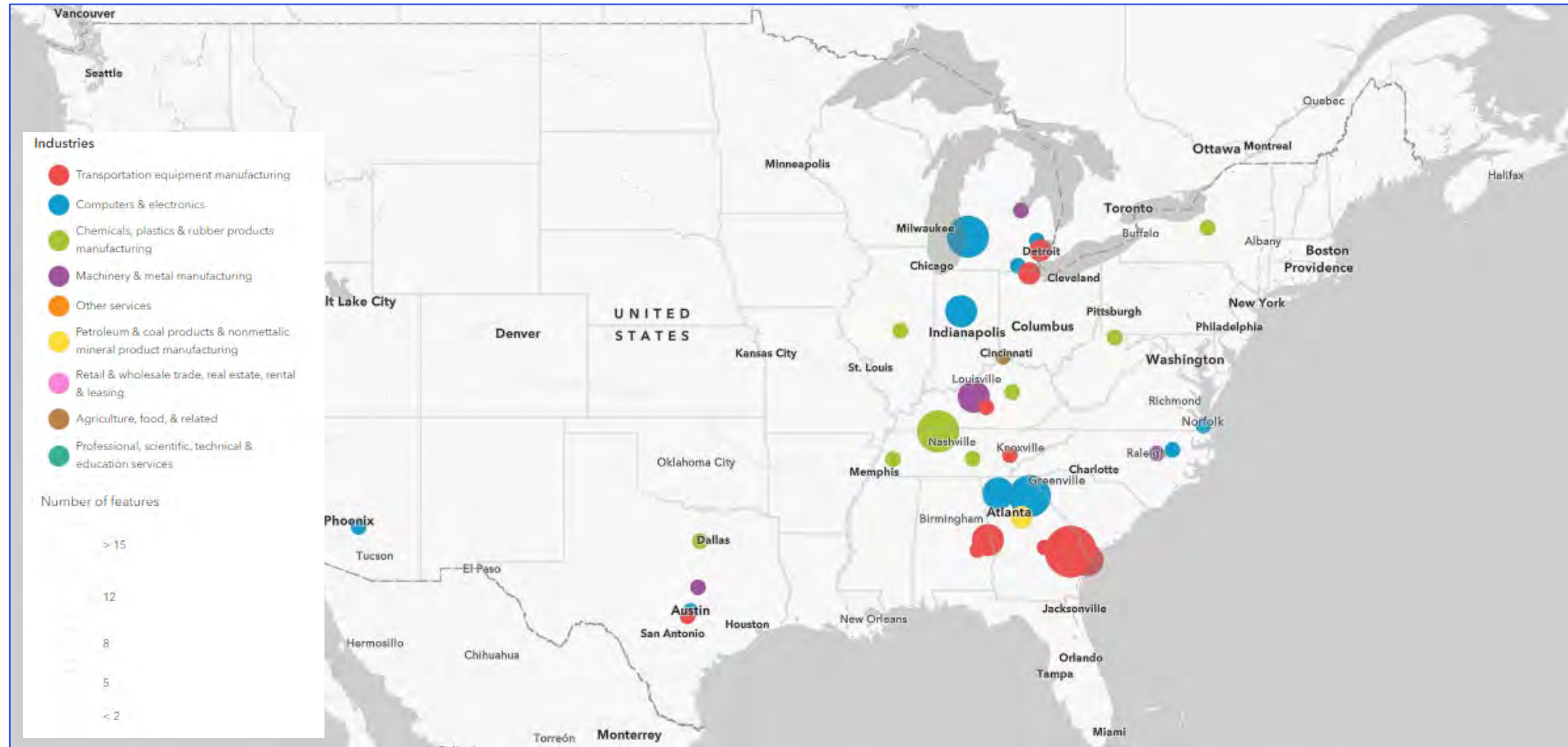
# South Korean Capital Investment into the US (2022 – Present)

South Korean investment within the United States is concentrated within the Southeast and Midwest Regions with the largest investment amounts being made in the State of Georgia.



# South Korean investments by industry into the US (2022 – Present)

South Korean companies within a wide variety of industries, specifically transportation equipment manufacturing and computers and electronics, are investing in the United States.



# Our Project Experience

Large scale industrial clients in the manufacturing sector:

Industry	Location Analysis	Site Selection	Business Incentives
Automotive OEM	✓	✓	✓
Automotive Suppliers	✓	✓	✓
Consumer Products	✓	✓	✓
High-tech	✓	✓	✓

Summary of our key differentiators:

**Detailed Site Knowledge**

**Data Analytics Solutions**

**Industry Experience**

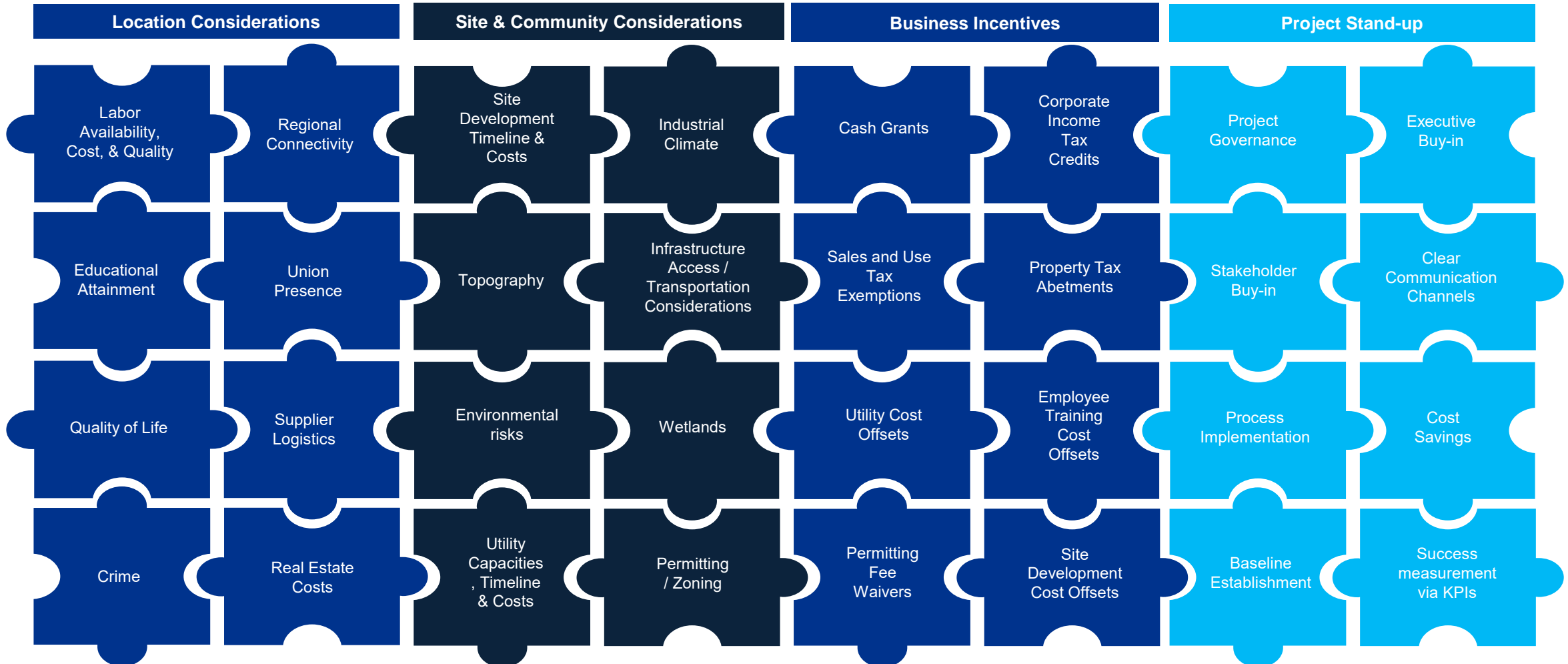
## Key Services Provided:

- Utilized demographic analytics to conduct a comparative assessment of key location attributes, which included in-depth analysis of labor markets.
- Desktop assessment of sites/buildings based on project demands to identify key site attributes and potential risk factors.
- Executed in-market fieldwork to further assess the location and site attributes of potential real estate options.
- Prepared business incentives feasibility to understand the availability and magnitude of potential benefits to offset project costs.
- Conducted comparative cost assessment of key one-time and recurring costs to evaluate the net-usable benefits and identify potential gaps.
- Developed consulting strategy to position the project for potential enhancement of benefits.



# Companies Must Consider all the Puzzle Pieces During Site Selection






This proven methodology considers all aspects of the site selection process to meet your company's location and site expectations.





# Typical Location Analysis & Site Selection Process

Our clients typically follow a holistic methodology to address all aspects of the project life cycle in a short period of time.

Phase 1	Phase 2	Phase 3	Phase 4	Phase 5
				
<b>Location Analysis</b>	<b>Desktop Site Review</b>	<b>Site Selection Fieldwork</b>	<b>Cost Analysis &amp; Incentives</b>	<b>Final Site Selection and Stand-Up Preparation</b>
<ul style="list-style-type: none"> <li>• <b>Project Kick-off Plan</b>, coordinate, and execute a comprehensive kick-off and project planning meeting.</li> <li>• <b>Establish PMO</b> Project office to coordinate communication and</li> <li>• <b>Location Analysis</b> Complete a comparative analysis of locations based on labor availability, labor cost, key demographics, operational, and other key location considerations.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Request for Information (“RFI”) Design</b> Design detailed request for information documenting key project parameters and transmit to economic development organizations.</li> <li>• <b>RFI Review / Desktop Site Analysis</b> Conduct detailed review of RFI responses, conduct desktop site review, and host virtual site tours with site representatives to analyze candidate sites; Supplement analysis with syndicated databases</li> <li>• <b>Long-List Recommendation</b> Prepare executive level report recommending candidate sites for fieldwork.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Site Visits</b> Plan, coordinate, and execute site tours in conjunction with key client team members.</li> <li>• <b>Pre-Construction Validation</b> Market research and analysis for construction related services and market readiness.</li> <li>• <b>Short-List Recommendation</b> Prepare executive level report recommending candidate sites for incentives discussions.</li> <li>• <b>Executive Site Visits</b> Plan and execute executive site tours in conjunction with key client team members.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Incentives Feasibility</b> Conduct in-depth analysis of potential incentive opportunities available to the project.</li> <li>• <b>Business Incentives Support</b> Develop a negotiation strategy in conjunction with the company’s corporate objectives to enhance overall incentive offers.</li> <li>• <b>Site Cost Analysis</b> Complete cost assessment to compare key one-time and on-going project costs, including an in-depth tax and incentives analysis, labor, utilities, and other operational costs for finalist locations.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Support Project Agreement Finalization</b> Review the project agreement between the state, community, and company outlining commitments and performance requirements and supporting documentation like utility will-serve letters.</li> <li>• <b>Project Stand-up Initiation</b> Prepare a project plan and governance structure to integrate workstreams to accelerate construction and support the transition from site acquisition to project execution.</li> <li>• <b>On-going Incentives Compliance</b> Prepare annual compliance forms and fulfill additional filing requirements to claim incentive benefits (on-going).</li> </ul>



# Desktop Site Review

## Illustrative Example

Site Description and Entitlements	<b>Description</b> <ul style="list-style-type: none"><li>Three parcels – single owner - totaling 200 acres</li><li>In close proximity to other industrial manufacturing tenants, distribution tenants, and retail developments</li><li>\$120k/Acre</li><li>Max slope 6%; average slope 0.5%</li><li>Raw site; previous agricultural</li></ul>
	<b>Zoning and Entitlements</b> <ul style="list-style-type: none"><li>Compatible zoning; zoned light industrial.</li><li>Site is composed of 3 parcels; re-platting would be required</li><li>No height, light, or noise restrictions apply</li></ul>
	<b>Permitting &amp; Public Meetings</b> <ul style="list-style-type: none"><li>Civil engineering may be completed prior to air permitting</li><li>Storm Water Pollution Prevention Plan permit will be required (60 days)</li><li>Earth disturbance permit will be required (60 days)</li><li>Building and infrastructure development permit will be required (60 days)</li><li>Public meeting would be required to obtain required building permits</li><li>Does not believe section 404,401, threatened &amp; endangered species, or CR permit will be required</li></ul>
	<b>Est. BG schedule:</b> 18 – 24 months
Environmental	<ul style="list-style-type: none"><li>Due diligence completed on a portion of the site in 2003, identified oil material, wetland, underground storage tanks, and limestone on-site</li><li>Phase II environmental studies have not been conducted</li><li>Engineering firm is evaluating potential wetland mitigation opportunities and associated costs</li><li>Located in an attainment zone</li></ul>
Energy	<ul style="list-style-type: none"><li>Current capacity of the site is 4 MW (13.2 kV distribution)</li><li>138 kV 4-breaker ring bus would be installed and substation construction to provide redundant looped feed and transmission-level power; no upfront cost to customer.</li><li>90 MVA is available to the project, system upgrades to provide 180 MVA are feasible in 24 months.</li></ul>



Network	<ul style="list-style-type: none"><li>AT&amp;T fiber within 0.5 miles of the northeast corner of site.</li></ul>
Water / Sewer	<b>Infrastructure/Capacity</b> <ul style="list-style-type: none"><li>16" line located along pine street and 24" located along Crosstown EXPY with "unlimited volume" at 5,000 GPM; 60 PSI; 210 MGD of system capacity</li><li>10" sewer line located adjacent to site but excess capacity would require a study to determine; overall system capacity is 209 MGD.</li></ul>
Access	<ul style="list-style-type: none"><li>10 Miles to City Center</li><li>3 Miles to Tulsa International Airport</li></ul>

# Project Success Factors

Several critical components of a site selection project will impact the successful site location and subsequent operation in a new location:

## Alignment of Internal Stakeholders:

Identifying and aligning internal stakeholders in the site selection and operational aspects of the project will ensure a cohesive approach to analyzing location options and down-selecting sites.

## Communication Protocols/PMO:

Maintaining a regular sequence of update meetings, project management calls, and issues tracking will ensure internal information flow and alignment leading up to critical decision points.

## Public Relations and Governmental Affairs Interaction:

Utilizing established company and KPMG relationships for appropriate external discussions, communication, and outreach on critical project steps (i.e. RFP release, site visits, incentives discussions, short-listing, project agreement discussion, etc.) will enhance project support and positive public perception of the project.



# Our National Perspective on Business Incentives

Based on our experience, business incentives can range from 10% - 30% of total project costs, however, types of incentives vary across the country.

## Great Plains

The Great Plains region typically does not offer a variety of business incentives, however, may offer tax credits to offset tax liabilities.

**Business Incentives Support:** Low

## West

The Western states are typically not as aggressive in supporting companies with business incentives. The current trend includes companies leaving the western states to find lower operational cost options in the Southeast or Southwest.

**Business Incentives Support:** Low

## Southwest

The Southwestern states do not typically offer aggressive incentive packages as compared to the Southeast.

**Business Incentives Support:** Moderate

## Midwest

Midwestern states generally offer moderate economic development support and business incentives. Though the states may provide refundable and non-refundable tax credits to support the project, direct cash assistance may be limited for average size projects.

**Business Incentives Support:** Moderate to High

## Northeast

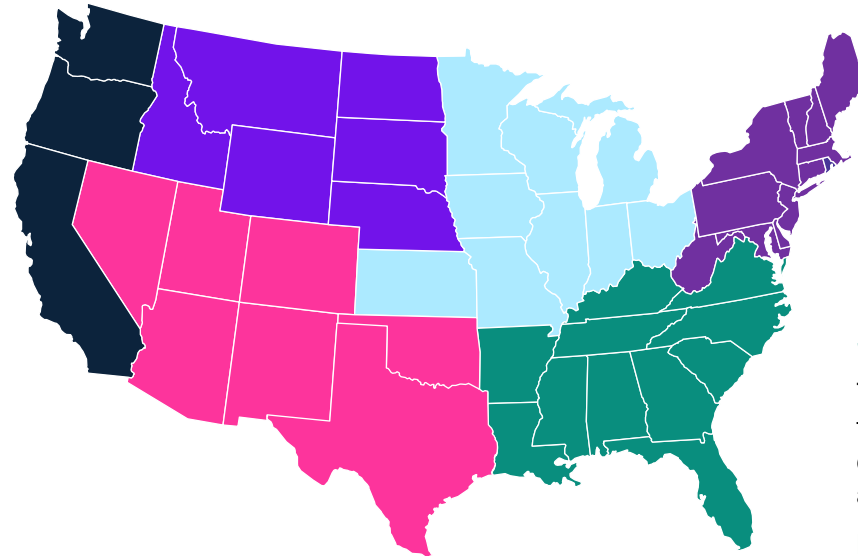
Northeastern markets do not typically offer strong business incentive packages with limited tools to support project investment and job creation.

**Business Incentives Support:** Low to Moderate

## Southeast

The Southeast is typically the most attractive market for manufacturing operations due to its cost competitive nature, favorable business regulations, and strong incentive support.

**Business Incentives Support:** High



# Business Incentives Landscape

State and local teams are typically very supportive of manufacturing projects given the economic impact to the state and community.

## States and localities are likely to offer:

- Fully or partially subsidized land
- Site development support
- Utility and infrastructure cost offsets
- Additional cash grants
- Training support
- Other incentive tools (payroll withholding benefit, property tax abatements, tax credits, permitting assistance, etc.)

### Cash Grants



Grant funding may be provided to a company on a discretionary basis to offset certain project costs in the form of cash.

### Payroll Withholding Rebates

Cash conveyed to a company for creating new jobs usually provided through a rebate of withholding from newly hired employees. Program duration depends on the state can extend for up to 10 years.

### Property Tax Abatements



Property tax abatements are typically for real, and where applicable, personal property taxes. In many cases, assessments are at current (pre-project level) and increase up to full assessment over a period of 5-40 years depending on location.

### Tax Credits



Tax credits against state income and/or corporate franchise tax for the creation of new jobs or new capital investments

### Subsidized Land



The community will likely offer free/ discounted land to incentivize the project if the project yields a high economic impact.

### Training Assistance

Training grant allocations provide a percentage of the costs to train new employees.

### Utility Incentives

Utility incentives can be conveyed by providing a cash distribution for necessary electricity infrastructure upgrades and/or in the form of an electric rate reduction over multiple years.

### Site Development & Infrastructure Cost Offsets



States and localities may offer funding to offset site development costs. These costs may include, but are not limited to the following: earth work, utility upgrades, road improvements, rail extensions, and/or permitting assistance. The amount of site development funding is highly discretionary and is based on site investment requirements. The goal of the incentive is to have a pad-ready site delivered to the construction team.

### Sales Tax Exemptions



Sales tax exemptions may be provided on certain eligible purchases for manufacturing related projects, including relief on manufacturing equipment, building construction materials, and electric consumption.



Tax-based benefit



Most Beneficial to upfront industrial project needs



Typically Discretionary



Typically statutory



Discretionary or statutory (state dependent)

# Top 7 Tax Matters You Should know

## in new investment in the US

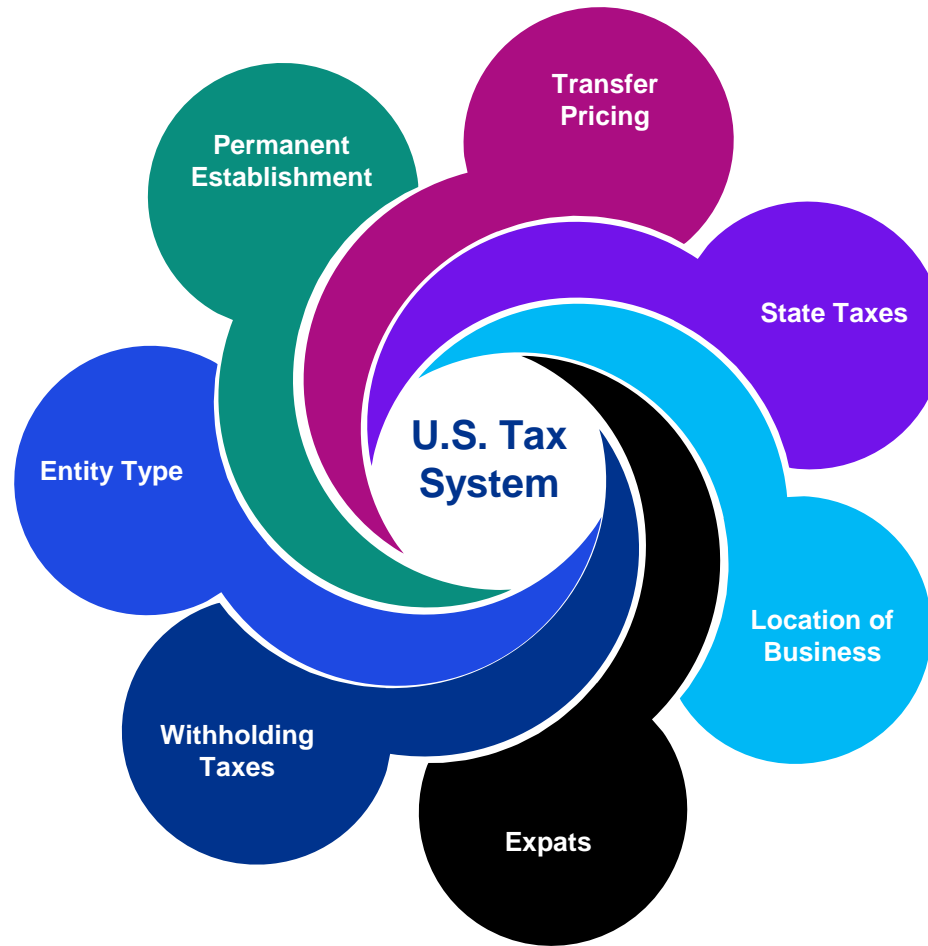
### Speakers:

David Wang - Managing Director, KPMG US (Los Angeles)

Jin Gwan Kim – Managing Director, KPMG US (Atlanta)

Shawn Kim - Managing Director, KPMG US (New York)

# Key Tax Considerations in U.S. Investments – A holistic view



# Key Tax Considerations in U.S. Investments

## 1. PE

### Three Basic Investment Options

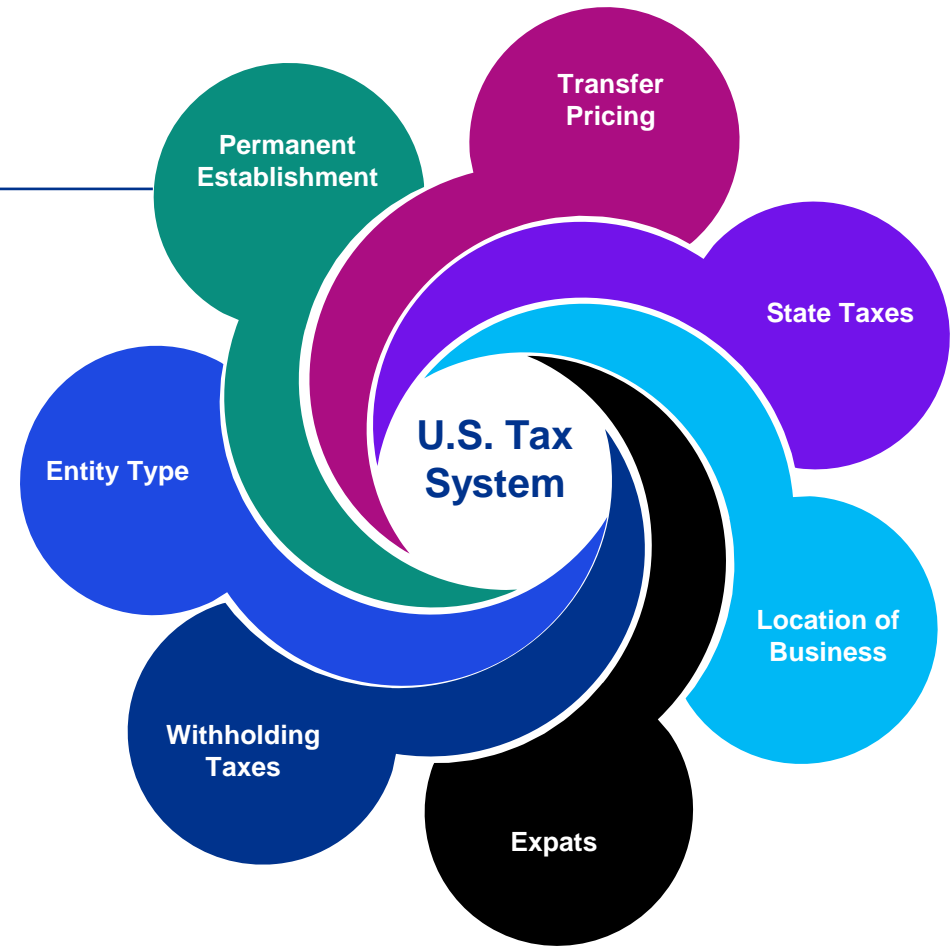
- Investment Only
- Subsidiary
- In between

### Creating a Permanent Establishment (PE)

- Fixed Place of Business
- Preparatory and auxiliary safe harbor exception
- Agency PE

### Effectively Connected Income (ECI)

- Form 1120-F, U.S. Income Tax Return of a Foreign Corporation





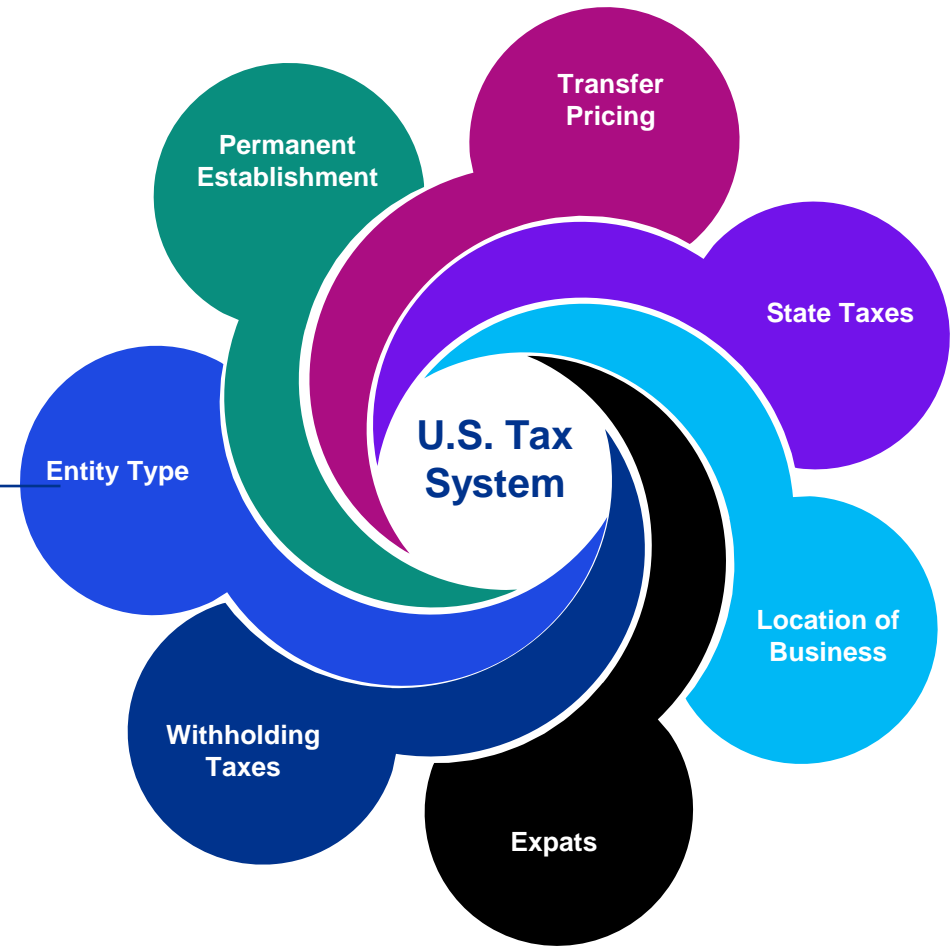
# Key Tax Considerations in U.S. Investments

## 2. Entity Type

### Choice of business entity type and U.S. taxation

- Corporation
- Pass-through entities
  - Partnership
  - Limited Liability Company
  - S corporation

### Hybrid Entity and Check-the-box election

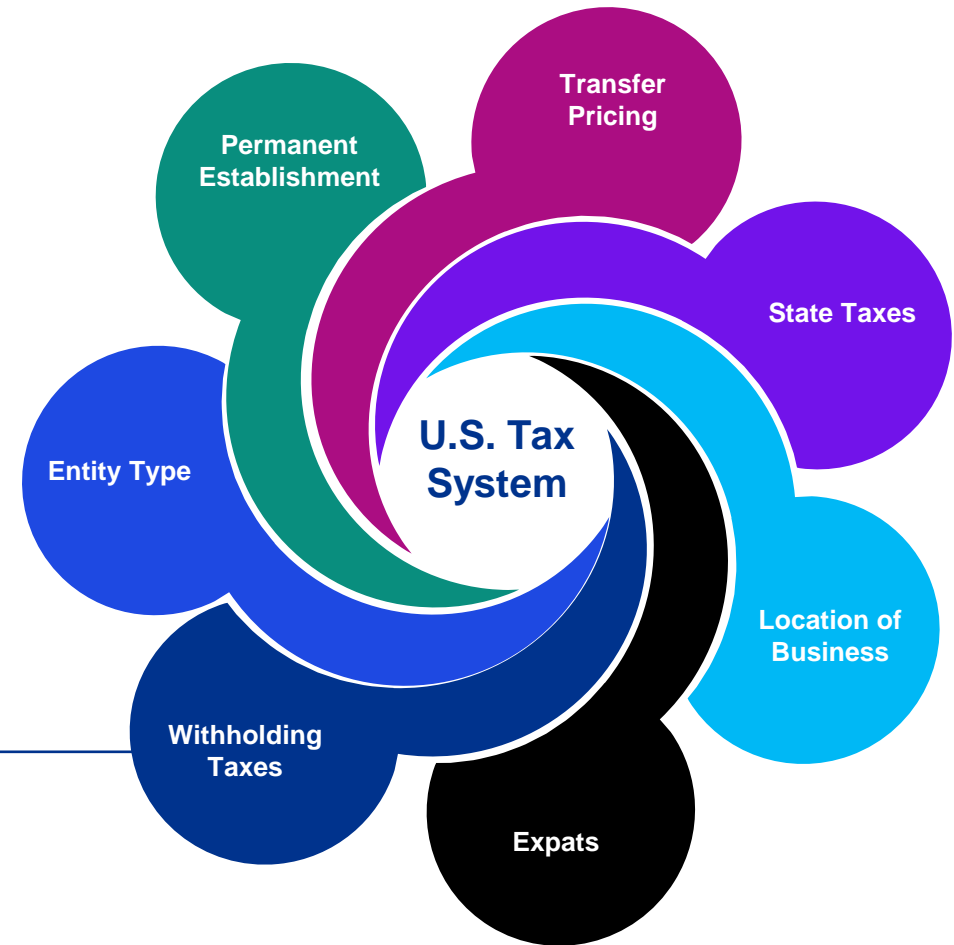


# Key Tax Considerations in U.S. Investments

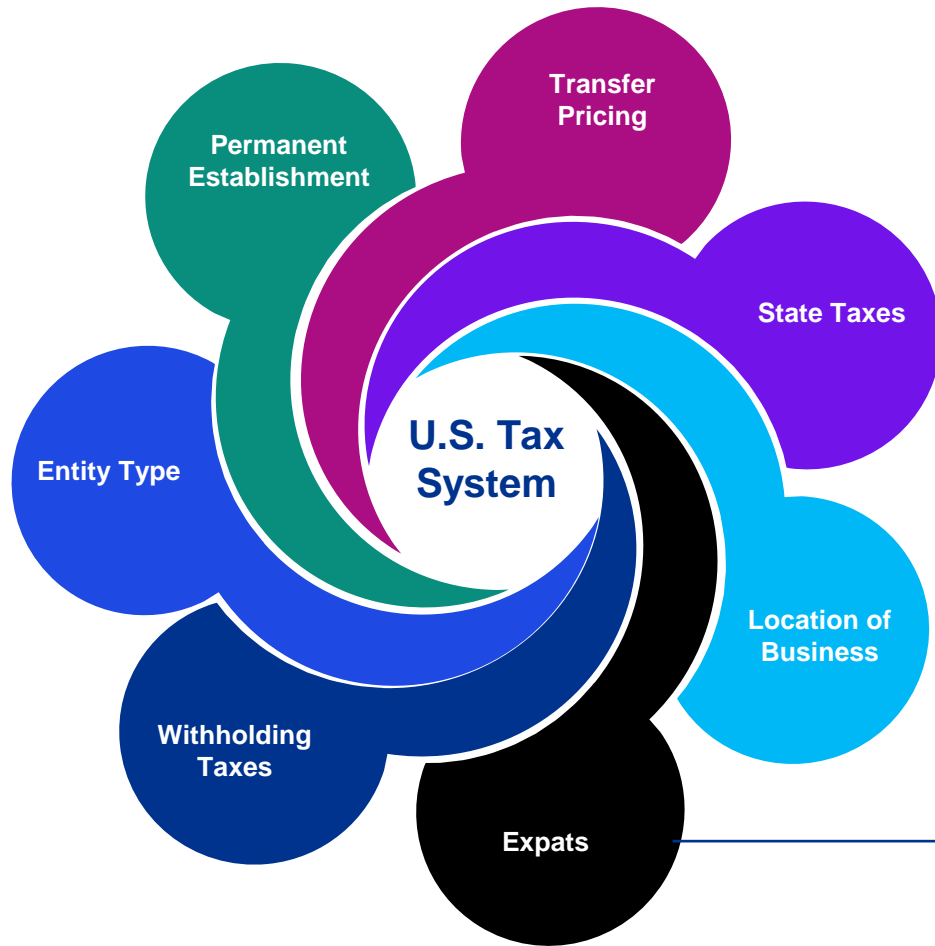
## 3. Withholding Taxes

Source countries generally protect their tax base (“if you earn income here, you pay taxes here”).

- FDAP income (Interest, Dividend, Royalties...) subject to withholding taxes
- Reduced withholding tax rates under U.S. Korea income tax treaty
- Sourcing rule based on character of income
- Determination of character of income (Service income vs. Royalty?)



# Key Tax Considerations in U.S. Investments



## 4. Expats

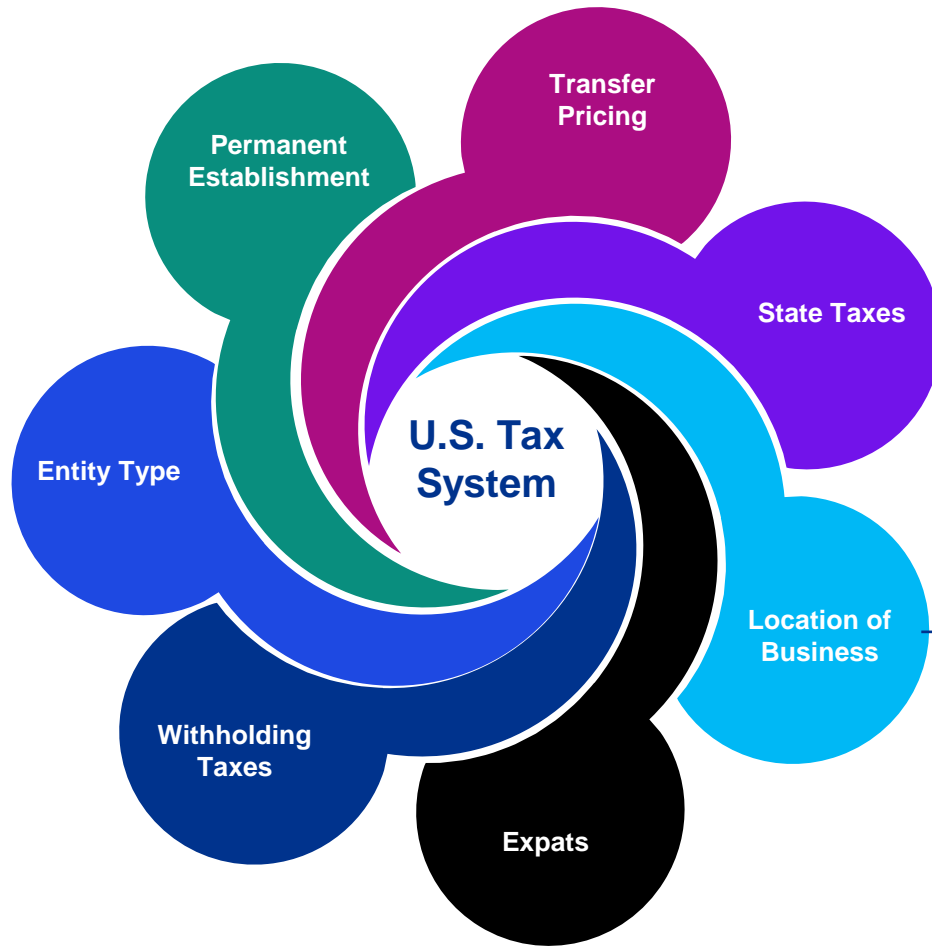
### Temporary

- Service contract between US subsidiary and Korean parent.
- Risk of PE creation
- \$3,000 threshold for individual tax compliance and payroll withholding tax compliance

### Long-term

- Employee of US Subsidiary
- U.S. residency
- Tax equalization
- FBAR (Foreign Bank Account Reporting)

# Key Tax Considerations in U.S. Investments



## 5. Location

### State of Incorporation

### Location of business activities

- State Nexus
- Tax incentives
- Sales and Use Tax
- Apportionment for state income taxes.

## 6. State Taxation (The top five states for Korean Investment)

As of 2024, while specific and detailed data on the exact order of states where Korean companies have invested may not be readily available, we can infer from recent trends and significant investments by Korean companies in the United States. The following states are likely to be among the top destinations for Korean investments in 2024:

1. **Georgia:** Continues to be a major hub for Korean automotive companies like Hyundai and Kia, with ongoing expansions and new projects.
2. **Alabama:** Another key state for the automotive sector, with significant investments from Hyundai and Kia in manufacturing facilities.
3. **Texas:** Attracts investments due to its strong energy sector, growing technology industry, and favorable business environment.
4. **Michigan:** Remains a critical state for the automotive industry, with investments from Korean car manufacturers and suppliers.
5. **Tennessee:** Known for its automotive manufacturing capabilities, including investments from companies like LG Chem in battery production.

These states have been prominent destinations for Korean investments due to their strategic economic advantages, industry presence, and supportive business environments. For the most precise and current information, consulting recent economic reports, state government announcements, and industry news would be necessary.

# State Business Tax Climate Index

State	Overall Rank	Corporate Tax	Individual Tax	Sales Tax	Property Tax
Michigan	11th	20th	12th	12th	26th
Texas	13th	46th	7th	37th	39th
Tennessee	15th	42nd	6th	46th	33rd
Georgia	32nd	9th	35th	28th	28th
Alabama	39th	19th	33rd	50th	17th

- 2024 Tax Foundation (<https://taxfoundation.org/research/all/state/2024-state-business-tax-climate-index/>)

# Georgia (1/2)

## ❖ Overall Index

인구수 (명)	1인당 GRDP	기업하기 좋은 환경	세제 환경 순위
8위 (1,103만명)	30위 (\$73,561)	1위 (10년 연속 1위)*	32위**

\* Area Development: 10년 연속 '기업하기 좋은 주' 1위로 연속 선정될 정도로 규제 관련 정부 요구사항이 적은 편에 속함

\*\* 법인세 환경 순위: 9위, \*\* 개인 소득세 환경 순위: 35위

## ❖ Tax Rate

개인 소득세	법인세	판매세	재산세
5.39%*	5.39%*	4%	0.92%

- If certain conditions are met, the rates will be reduced by 0.10% annually beginning on January 1, 2025, until the rate reaches 4.99% (Tax year 2028)

## ❖ State Apportionment & Allocation

- Single Sales factor

- KOTRA 2024 미국 투자 실무 가이드



# Georgia (2/2)

## ❖ Tax Credit

Tax Credit	Amount	Period	Refundable
Job Tax Credit	Max \$4,000 per job	5 years	Payroll Withholding
Port Tax Credit	\$1,250 per job	5 years	N/A
Investment Tax Credit	1% ~ 5% of Investment	Per project	Payroll Withholding
MEGA Credit	\$5,250 per job	5 years	Payroll Withholding
R&D Credit	Max 3% of qualified R&D Expenses	Annual	Payroll Withholding

# Alabama (1/2)

## ❖ Overall Index

인구수 (명)	1인당 GRDP	기업하기 좋은 환경	세제 환경 순위
24위 (511만명)	48위 (\$59,182)	6위	39위*

\* 법인세 환경 순위: **19위**, \* 개인 소득세 환경 순위: **33위**

## ❖ Tax Rate

개인 소득세	법인세	판매세	재산세
2% ~ 5%	6.5%	4%	0.4%

## ❖ State Apportionment & Allocation

- Single Sales factor

- KOTRA 2024 미국 투자 실무 가이드

# Alabama (2/2)

## ❖ Tax Credit

Tax Credit	Amount	Period	Refundable
Investment Tax Credit	1.5% of Investment	10 years	N/A (C/F 5years)
Apprenticeship Tax Credit	\$1,250 per job (max 10 jobs)	4 years	No C/F

# Texas

## ❖ Overall Index

인구수 (명)	1인당 GRDP	기업하기 좋은 환경	세제 환경 순위
2위 (3,050만명)	15위 (\$85,110)	8위	13위*

\* 법인세 환경 순위: **46위**, \* 개인 소득세 환경 순위: **7위**

## ❖ Tax Rate

개인 소득세	법인세	판매세	재산세
N/A	0.75%*	Max 8.25%	1.47%**

**\* TX Franchise Tax: Margin x 0.75%**

**\*\* 1.47% of property value and TX property tax is 44% of the total TX taxes**

## ❖ State Apportionment & Allocation

- Single Sales factor

- KOTRA 2024 미국 투자 실무 가이드

# Michigan

## ❖ Overall Index

인구수 (명)	1인당 GRDP	기업하기 좋은 환경	세제 환경 순위
10위 (10,037만명)	40위 (\$66,205)	13위	11위*

\* 법인세 환경 순위: **20위**, \* 개인 소득세 환경 순위: **10위**

## ❖ Tax Rate

개인 소득세	법인세	판매세	재산세
4.25%	6%	6%	1.32%

## ❖ State Apportionment & Allocation

- Single Sales factor

- KOTRA 2024 미국 투자 실무 가이드

# Tennessee (1/2)

## ❖ Overall Index

인구수 (명)	1인당 GRDP	기업하기 좋은 환경	세제 환경 순위
15위 (713만명)	29위(\$74,081)	3위	15위*

\* 법인세 환경 순위: **42위**, \* 개인 소득세 환경 순위: **6위**

## ❖ Tax Rate

개인 소득세	법인세	판매세	재산세
N/A	6.5%	7%	0.56%

## ❖ State Apportionment & Allocation

- Manufacturing entity: Single Sales factor (election required)
- Others: Three factors with Sales factor weighted 7 times (weighted 11 times in 2025)

- KOTRA 2024 미국 투자 실무 가이드

# Tennessee (2/2)

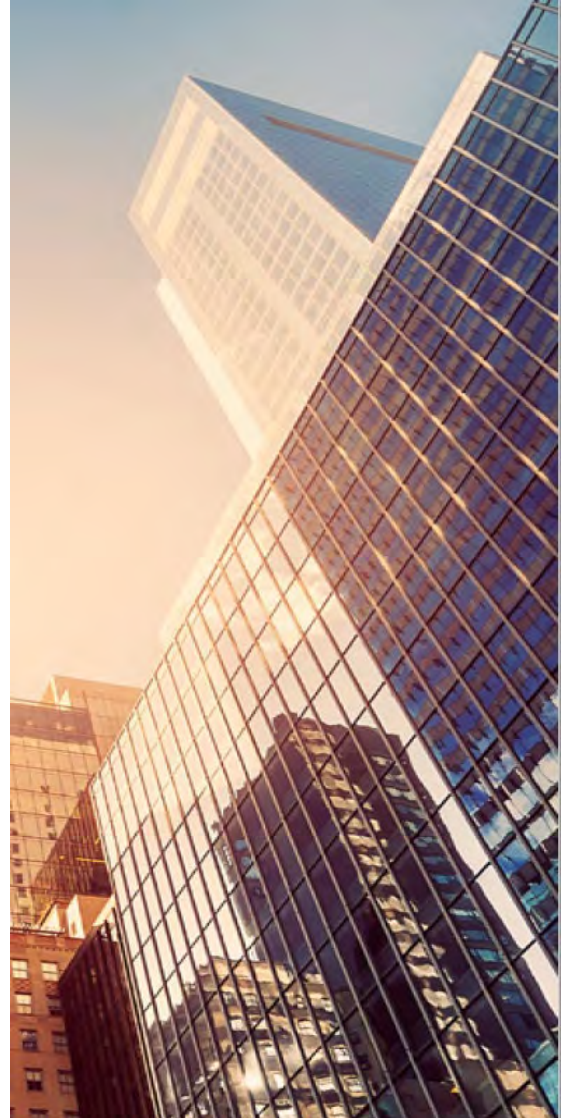
## ❖ Major Tax Credit

Tax Credit	Amount	Period	Refundable
Job Tax Credit	Max \$4,500 per job	25 years	N/A
Industrial Machinery Credit	1% of Industrial Machinery	25 years	N/A



# 7. U.S. Transfer Pricing Consideration-1

- ❖ Related parties
- ❖ Arm's-length standard
- ❖ Transfer pricing methods
- ❖ Transfer pricing adjustment & penalty
- ❖ Transfer pricing documentation



# 7. U.S. Transfer Pricing Consideration-2

- ❖ Arm's-length range trends since the Covid-19 Pandemic
- ❖ The IRS's transfer pricing initiatives on large foreign owned corporations
- ❖ Operating losses in initial stage
- ❖ Total costs / allocation of costs / pass-through costs
- ❖ Intercompany loan / loan guarantee
- ❖ Purchase of products for resale
- ❖ Manufacturing





## Contact:

Brian Choi, Tax Partner  
e: [bchoi@kpmg.com](mailto:bchoi@kpmg.com)  
c: +1 917 683 5478

KPMG LLP  
345 Park Avenue  
New York, NY 10154



[kpmg.com/socialmedia](https://kpmg.com/socialmedia)

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