

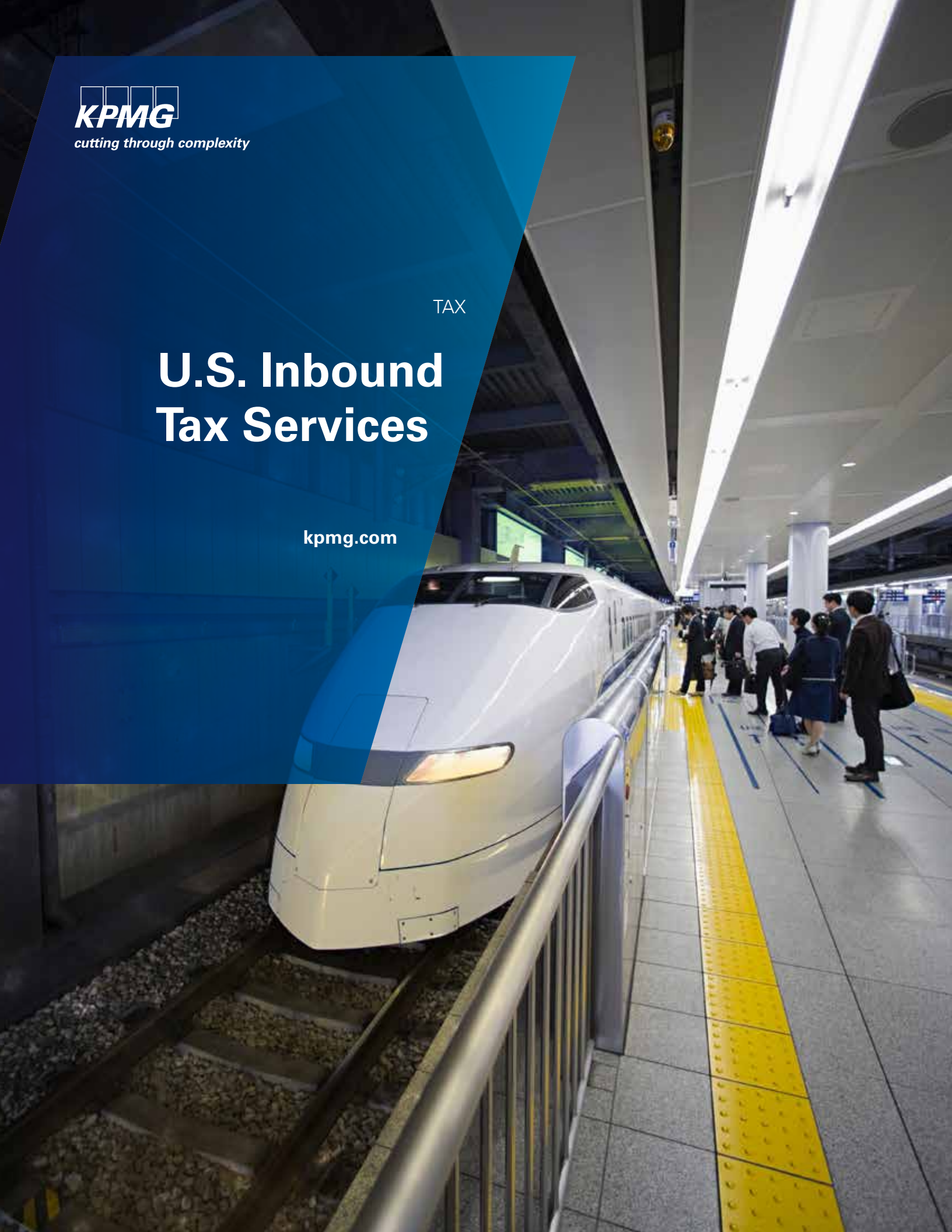


cutting through complexity

TAX

U.S. Inbound Tax Services

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U.S. Inbound Tax Services

In the increasingly complex and interconnected business environment, it is more important than ever for foreign-based companies to stay abreast of fast-changing tax-related requirements in the United States.

Yet for many—including companies with an established presence in the United States and those with plans for initial investments—this has proven difficult.

KPMG can help. Our U.S. Inbound Tax practice, in collaboration with KPMG International member firms, can provide forward-thinking, value-added tax consulting and compliance services to foreign companies looking to invest in the United States. Our professionals bring a global mindset, up-to-date knowledge of U.S. tax law, and deep industry experience. Positioned throughout the United States, they stand ready to help you achieve your business goals.

The U.S. Inbound Tax practice is built on three essential premises:

- Providing foreign-based companies with ready access to U.S. tax professionals with the appropriate experience to address U.S. inbound tax issues
- Establishing communication channels and building trusted relationships between foreign-based companies and the KPMG service team
- Providing thought leadership, including training courses, news flashes, technical articles, and conferences, on U.S. tax developments that may affect foreign-based companies' current U.S. operations and future U.S. investment plans.

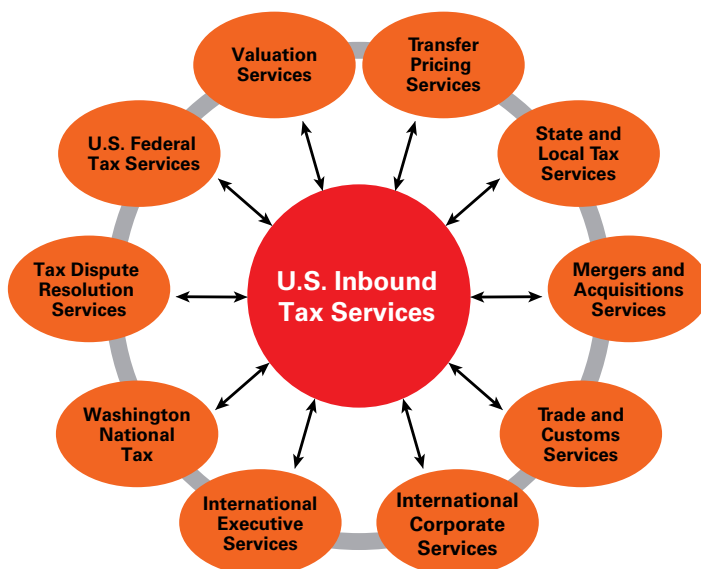
Why invest in the United States

- Access to U.S. customer base: There is strong demand for goods and services from the U.S. population, which exceeds 310 million people.
- Access to other markets: The United States is a party to various bilateral and multilateral free trade agreements, such as the North American Free Trade Agreement with Canada and Mexico.
- Investment opportunities: As a result of the recent economic global downturn, opportunities exist to acquire distressed businesses and assets in the United States at lower prices.
- Skilled and diversified labor pool
- Access to advanced technology
- Strong protection and enforcement of intellectual property rights

U.S. Inbound Tax Services

U.S. Inbound Tax professionals provide timely and wide-ranging U.S. tax consulting and compliance advice to foreign-based companies. Our goal is to respond to queries quickly.

To facilitate quick responses, we work closely with tax professionals from different tax disciplines to leverage accumulated knowledge and experience.



U.S. Federal Tax Services

Many U.S. subsidiaries of foreign companies do not have a full-time in-house tax department, and even foreign companies with a U.S. tax department often find that certain matters

require outside advice. Our Federal Tax professionals can assist your company in preparing U.S. federal tax returns to help comply with fast-changing reporting requirements. Additionally, they can provide tax consulting services related to tax provisions, co-sourcing, accounting methods and credit, and tax department transformation.

Transfer Pricing Services

The United States has one of the oldest and most mature transfer pricing regimes. In 2010, the IRS reorganized its international division to, among other things, focus resources on transfer pricing. Our transfer pricing professionals can provide real-time advice tailored to each client's unique circumstances. For example, our professionals can assist in developing economically supportable transfer pricing policies, consult on tax audits related to intercompany transactions, prepare thorough documentation to help mitigate penalties, and provide advice on developing and implementing policies and developing systems for setting, monitoring, and documenting intercompany transactions.

Valuation Services

Valuation services are critical to tax planning and compliance. For example, a foreign-based company considering transferring intellectual property from the United States to its home country must understand the value of the assets being transferred. Our Valuations professionals provide a wide range of services, including valuing entire businesses, subsidiaries, joint ventures, and equity interests, as well as valuing specific assets such as trade names, patents, customer relationships, machinery and equipment, inventory, real estate, and financial instruments.

International Corporate Services

Fundamental business decisions, such as where to locate, choice of entity, and how to finance global operations, can have a critical impact on a multinational's tax risk profile, global



effective tax rate, and cash tax exposure. Our international corporate tax professionals provide an array of international tax planning and compliance services that take into account the international aspects of U.S. corporate tax issues. For example, our professionals provide practical tax advice to help foreign companies establish tax-efficient financing of U.S. operations and manage permanent establishment exposures. Our professionals can also help foreign companies implement U.S. inbound investment structures that consider cash repatriation planning. Moreover, our professionals are well-positioned to help foreign companies maintain compliance with U.S. tax reporting rules.

International Executive Services

Global companies are faced with the challenge of effectively mobilizing an international workforce while maintaining or reducing costs and complying with local regulations. KPMG Tax professionals who focus on global mobility workforce issues can help your company build a leading international assignment program and reduce the expense of operating on a worldwide scale.

Mergers and Acquisitions Tax Services

How a company addresses the potential tax implications of a merger or acquisition can determine how well—and how soon—a deal achieves the expected value. Foreign companies often use mergers and acquisitions to expand in the United States. In cases of a cross-border merger, acquisition, or reorganization, issues are further complicated by various U.S. international tax considerations, such as the Foreign Investment in Real Property Tax Act (FIRPTA). Our Mergers and Acquisitions (M&A) Tax professionals combine a global perspective with deep knowledge of complex U.S. tax laws governing mergers and acquisitions. We can help foreign corporations identify and realize the tax benefits of their transaction. Our tax structuring advice, internal restructuring assistance, and tax due diligence services can help you succeed in your M&A activities and international reorganization efforts.

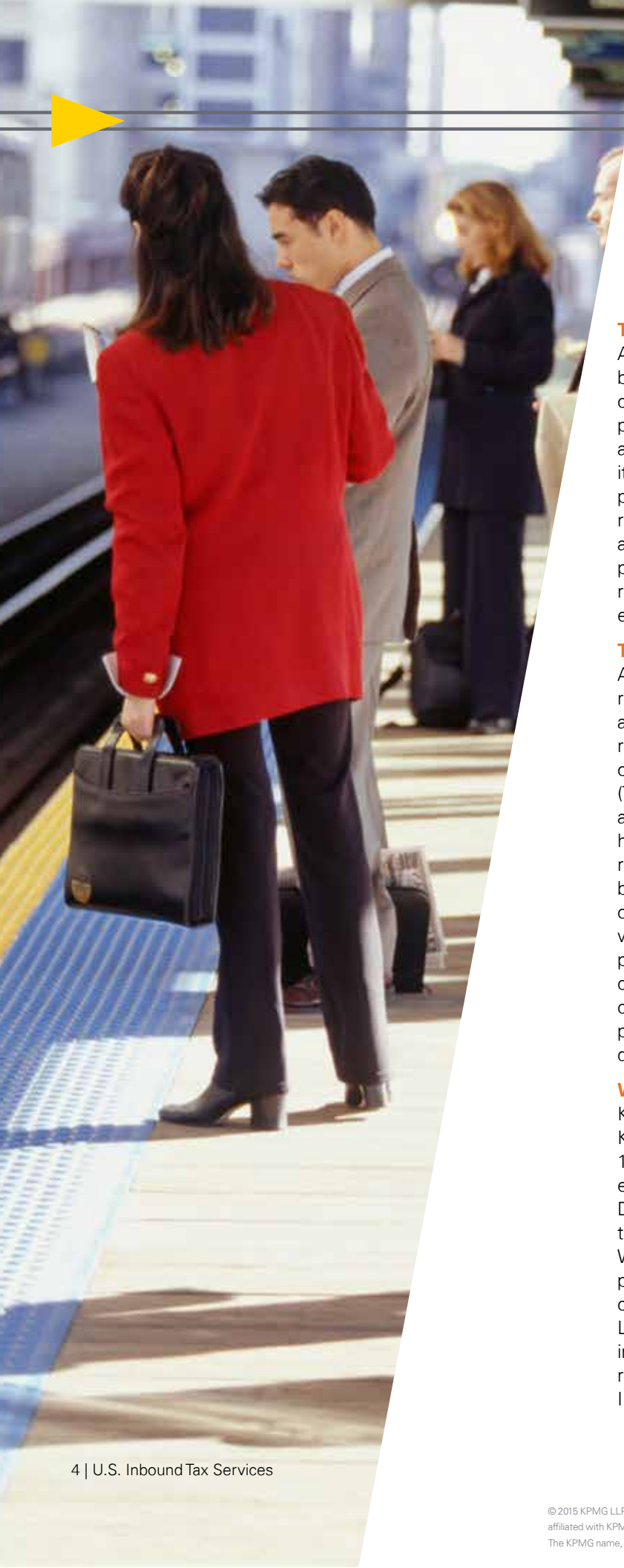
State and Local Tax Services

The United States is a federation of 50 states and one federal district. Each of the states and federal district has its own unique tax regime separate from the U.S. federal tax system. Also, local governments within a state often impose their own tax regimes that are separate from the state tax regime. This results in a heavy compliance burden, increased risks of double taxation and noncompliance, and a critical need for tax planning.

Our State and Local Tax (SALT) practice consists of many professionals who are members of our State Tax Resource Network (STRN). STRN members serve as the subject matter resource for their specific state. They also help keep clients informed of administrative, judicial, and legislative activities that might affect their businesses. SALT professionals can assist you in formulating and implementing multistate tax plans, solving compliance issues, and dealing with tax examinations. We can also help you negotiate state and local tax incentives, which can include corporate income and franchise taxes, sales and use taxes, property taxes, payroll taxes, and other state and local taxes.

KPMG's U.S. Inbound Tax practice can help companies address U.S. tax issues specific to:

- Entry into the U.S. market
- Establishment of production and distribution centers in the United States
- Acquisition and disposal of entities or divisions with locations or assets inside the United States
- Sales of goods inside the United States
- Provision of services in the United States.



Trade and Customs Services

Any company importing goods into the United States should be aware of U.S. customs issues, as noncompliance could cause disruptions in the flow of goods and result in significant penalties, even where the duty rate is zero. Companies should also be aware of U.S. indirect taxes. A company can reduce its U.S. duties and compliance costs through careful customs planning that leverages special agreements, programs, and rules, such as free trade agreements, foreign trade zones, and the “first-sale” principle. Our experienced Trade & Customs professionals help companies engaged in international trade reduce their supply chain costs and achieve operational efficiencies through a broad range of trade advisory services.

Tax Dispute Resolution Services

As pressure increases on tax authorities to generate additional revenue, tax examination activity is continuing to increase at all levels. As a result, appropriate preparation and planning for response are more critical than ever for any business in the midst of a tax audit or anticipating one. Our Tax Dispute Resolution (TDR) practice is a national team of experienced specialists from all areas of tax who work with local client service professionals to help clients prevent disputes before they arise and successfully resolve those matters that ultimately are subject to challenge by taxing authorities. Our TDR professionals bring a broad range of experience from both private practice and the government where many have been directly involved in establishing tax policies and drafting legislation, developing and implementing compliance procedures, and resolving precedent-setting tax cases. This experience positions our TDR professionals to provide sound advice to clients at every stage of the tax dispute life-cycle.

Washington National Tax

KPMG’s Washington National Tax (WNT) is the technical core of KPMG’s Tax practice in the United States. With approximately 150 Tax professionals—many drawing on their prior job experience with the Internal Revenue Service, the U.S. Treasury Department, Congress, and the U.S. Tax Court—the WNT team offers a distinctive breadth and depth of tax knowledge. WNT serves as a premier resource for clients and KPMG professionals in resolving complex tax technical issues in connection with business decisions. WNT also has a Federal Legislative and Regulatory Services group that provides timely information and representation with respect to legislative and regulatory developments, proposals, and testimony before the IRS, Treasury, and Congress.



Case study: Successfully investing in the United States

Background

U.S. Inbound Tax professionals recently leveraged KPMG International's member firm networks to provide tax and financial consulting services to a European multinational company and global industry leader during recent major acquisitions.

Providing value

- KPMG reviewed existing transfer pricing strategies of the acquiring and the target companies to develop a thorough transfer pricing strategy.
- KPMG's tax account review yielded positive working capital adjustments for the acquiring company.
- Transaction cost analysis of service provider expenses resulted in a current tax deduction for the acquiring company.

Delivering timely responses

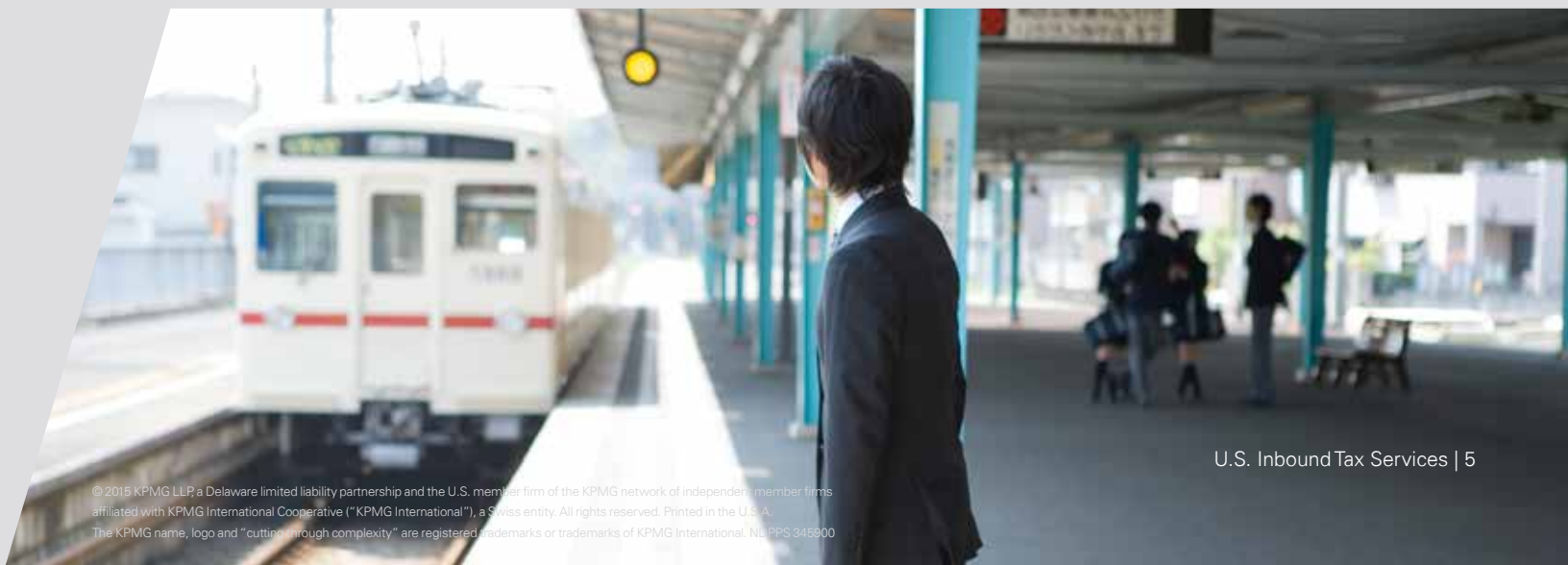
- The engagement team provided due diligence services on an accelerated time line to allow the acquiring company to address concerns during negotiations with the target company.
- The team provided responsive structuring advice for the acquisitions.

Integrating specialized teams

- Tax: KPMG assembled a team of M&A, FedTax, ICS, and SALT professionals to consult as appropriate on the acquisitions.
- Financial Advisory: Transaction Services and other specialists coordinated with KPMG Tax and client tax professionals.

Assembling a global team

- KPMG International's European member firm coordinated the efforts of multiple member firms, ensuring that the client received one consistent message throughout its organization.
- KPMG U.S. leveraged client meetings in Europe to develop relationships with the client's North American subsidiary, and continues to provide services to the North American subsidiary.



Contact us

For a list of KPMG International member firms,
please access our Web site at www.kpmg.com.

For more information on KPMG's U.S. Inbound Tax practice,
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