



tax treatment of pre-2018 accumulated earnings *webinar*

Winter 2018

Charles Kolstad will be speaking via webinar on, "Tax Treatment of Pre-2018 Accumulated Earnings."

This webinar will help the viewers gain an understanding of the new taxation processes that are taking place in the U.S. this year. The Tax Cuts and Jobs Act made significant changes to the U.S. taxation of foreign companies with U.S. shareholders. The switch from a world-wide approach to a territorial approach led to Congress enacting Section 965 which accelerated the U.S. tax on income of foreign companies accumulated before 2018 but not yet distributed. The new rules apply not just to controlled foreign corporations but to all foreign corporations with at least 1 U.S. shareholder. Under Section 965, not only must you decide whether to pay the tax in 2018 or to defer and pay the tax over an 8 year period, you also need to review the assets of each foreign company to determine whether that accumulated income will be taxed at an 8% effective rate or a 15.5% effective rate. There are beneficial provisions for U.S. shareholders who are S Corporations, and converting a C Corp to an S Corp before the effective date of the new legislation may be beneficial. Lastly, the acceleration of the inclusion of the pre-2018 accumulated earnings has significant implications for the treatment of that income for GAAP accounting purposes, particularly where the 'permanently reinvested' representation has been made.

Learning objectives:

1. Overview of Prior U.S. Tax Treatment of Incoming from Foreign Subsidiaries
2. Overview of New Territorial Tax Treatment
3. Pre-2018 Accumulated Earnings
4. Payment of Tax on Pre-2018 Accumulated Earnings
5. Computing E&P/Forms 5471 Reporting
6. Determining E&P for Foreign Companies Which Are Not CFCs but Which Have U.S. Shareholders

practice areas

corporate & business transactions

tax and trusts & estates

transactional tax



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7. GAAP Accounting Issues and the Permanently Reinvested Representation

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