

# *Bon Voyage!*

## “Short Takes” on Multinational Taxation

# Disclaimer

Views expressed in this presentation are those of the speakers and do not necessarily represent the views of their firms. This presentation is provided solely for the purpose of enhancing knowledge on tax matters. It does not provide accounting, tax, legal, or other professional advice because it does not take into account any specific taxpayer's facts and circumstances. Please refer to your advisors for specific advice.

# Panelists

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- **Doris Cordevant** – Senior Manager, State & Local Indirect Tax, Emerson
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- **Jess Morgan** – Senior Manager, Ernst & Young LLP
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# Agenda

**Take a journey...as we explore the state income taxation of multinational enterprises doing business in the US.**

**Presenters will examine current state tax topics arising from developments across the globe and in the States:**

1. Inbound sourcing and nexus
2. US-international tax treaties
3. US federal taxable income conformity
4. OECD BEPS 2.0

## 1

- **Inbound sourcing and nexus**
  - Recent trends with foreign corporations selling into the US
    - Increased focus on transfer pricing
  - Challenges with sourcing and nexus provisions
    - Increased enforcement of economic nexus
    - Challenges in claiming credit for taxes paid to other countries
  - 80/20 inclusion
  - Intersection with treaties

# 2

- **US-international tax treaties**
  - Application in states
  - Jurisdiction
    - P.L. 86-272
  - Computation of tax
  - Exceptions
    - Discrimination

# 3

- **US federal taxable income conformity**
  - General methods and renewed focus
  - GILTI conformity
    - Recent trends
    - Interaction with deductions for dividends received
  - Section 174 conformity
    - Differing treatment of research and experimentation costs
    - US Constitutional limits on state taxation

# 4

- **OECD BEPS 2.0**
  - Pillar One:
    - Alignment to US state income tax concepts
  - Pillar Two:
    - Effective tax rate
    - State tax impacts
  - BEPS 2.0 effects on state taxes
    - State “subject to tax” rules
    - Domestic versus international tax strategy



*Thank you for your participation.*

# Appendix: abbreviations and terms

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- **BEPS** – Base Erosion, Profit-Shifting
- **GILTI** – Global intangible low-taxed income (as defined in IRC Section 951A)
- **IRC** – Internal Revenue Code of 1986, as amended
- **OECD** – Organisation for Economic Cooperation and Development
- **P.L.** – Public law
- **US** – United States