

To learn more about how EY can help businesses address the legal implications of US tax reform, contact:

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US tax reform

Key considerations for in-house counsel – navigating change and driving efficiencies

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The Tax Cuts and Jobs Act (TCJA), signed into law on December 22, 2017, has widespread business implications affecting companies headquartered in the US, as well as any global company with operations in the US. As the tax department leads the company's planning efforts, several corporate functions will be impacted by the reaction to the TCJA. And the legal function will be asked to help make this planning a reality.

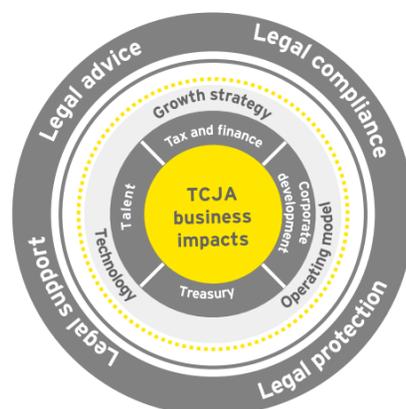
Business implications of tax reform

Tax and finance

- ▶ Impact to effective tax rate
- ▶ P&L impact of transition tax
- ▶ Timing of reporting disclosures related to impact of enacted bill
- ▶ Potential recapitalization due to lower tax rate driving reduction in deferred tax assets
- ▶ Additional audit procedures (information and document requests)

Talent

- ▶ Analyze executive compensation structures
- ▶ Reconsider design of benefits programs
- ▶ Impact on workforce strategy, sourcing, retention and location
- ▶ Re-alignment of resources with post reform structure



Treasury

- ▶ Cash repatriation prioritized
- ▶ Impact to capital deployment for tax efficient intergroup movements and effective global interest deductibility
- ▶ Optimal location of third-party borrowing
- ▶ Intercompany finance and licensing cash flows
- ▶ Legal entity formation bank account setup and funding; legal entity rationalizations' impacts

Corporate development

- ▶ Cash repatriation facilitates access to foreign cash for M&A activity
- ▶ Impact of changes associated with base erosion and anti-abuse tax (BEAT) on capital and balance sheet risk management
- ▶ Impact on valuations, e.g., loss of carryback of NOLs

EY Law stands ready to help you prepare now for tax reform

Our team of over 2,100 attorneys, working in 82 countries around the globe are poised to help in-house counsel effectively facilitate and support corporate alignment with the evolving tax landscape. We stand ready to help you prepare in advance for potential legal implications and throughout your journey.

Corporate/entity readiness

- ▶ Entity formations and rationalization
- ▶ Distributions, redemptions, capital reductions
- ▶ Drafting and revision of bylaws and board resolutions
- ▶ Boards of directors slates
- ▶ Identification of legal signatories, drafting powers of attorney
- ▶ Registrations, filings, compliance
- ▶ Intercompany agreements mapping and drafting

Labor/employment alignment

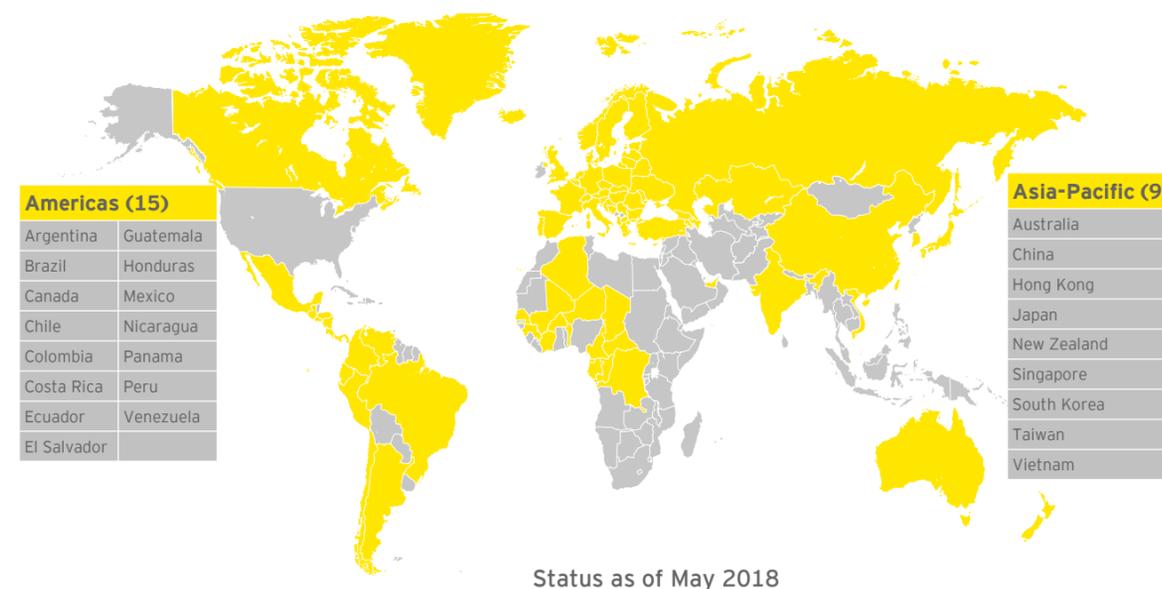
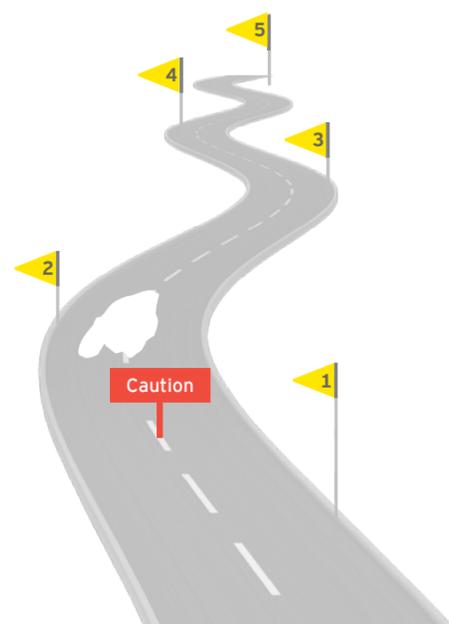
- ▶ Workforce management/collective dismissal
- ▶ Works council and labor union consultation
- ▶ Local labor authority notifications
- ▶ Hiring restrictions post redundancy
- ▶ Location amendment and employment contract harmonization
- ▶ Contingent workforce (vs. employees) analyses

Transition transactions

- ▶ Carve-outs, spin-offs, split-offs
- ▶ Legal entity reorganizations
 - ▶ Structuring, documenting, executing, and implementing
- ▶ Legal entity migrations
- ▶ Intercompany refinancing, debt repayment, debt forgiveness and hybrid instrument unwinding
- ▶ IP migration and license agreements, inventory IP registrations

Navigating the road ahead: prepare now for a smooth ride later

- 1 Understand and assess your organization's legal entity footprint**
A complete inventory of all legal entities (location, type, purpose) will be critical not just for tax reform but also for Base Erosion and Profit Shifting (BEPS) and pending European Union directive on holding companies
- 2 Inventory intellectual property**
During the tax modeling process it will be important to know where IP sits in the structure, who owns it, who uses it and the reasoning behind the current structure, including current registrations and expiration dates
- 3 Gather intercompany agreements**
An understanding of these agreements and how they are structured will be important considerations for capital movement and entity structure discussions
- 4 Understand labor and employment transformation issues**
As the corporate legal entity structure, supply chain and other parts of the business change under the new tax law, HR counsels can prepare now for issues arising as part of tax planning and implementation, including works council and labor union consultations, transferring employees between subsidiaries, collective dismissal, etc.
- 5 Continue to support the board's growth strategy**
How deals are structured and types of capital used during M&A, divestitures and carve-outs will most likely change



EMEA (58)

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