



INTERNATIONAL TAX SERVICES

# International Tax Compliance

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Your multinational company has unique characteristics that provides opportunities to use its global structure to satisfy certain business needs, compliance requirements, and enhance shareholder value. The needs and potential of your company can be influenced by the life cycle of the business, maturity of the industry, state of the economy, growth or contraction objectives, global trade compliance, jurisdictions, and regions of the world in which your company is active, your financing needs and many others.

## Importance of Global Tax Compliance

Over the last 20 years global companies have seen a significant increase in tax compliance requirements in terms of complexity and time. These requirements have resulted from increased globalization and the ease in which business can transact business cross-border. For U.S. taxpayers, most of the increase in the tax compliance burden can be attributed to the proliferation of domestic legislation, such as the Foreign Account Tax Compliance Act and the Tax Cuts and Jobs Act of 2017. However, other countries have similarly increased their respective compliance burdens. In addition, global initiatives from the Organization for Economic Co-operation and Development (OECD), such as Country by Country Reporting and DAC6 (cross-border tax arrangements and mandatory disclosure) have all contributed to the increased compliance burdens.

## Understanding the Business Impacts of a Changing Environment

Not only has there been a significant increase in tax compliance functions, but there has also been a greater emphasis on tax enforcement. Not only through tax audits, but through penalties for noncompliance and statutes of limitations that may not expire.

For example, failure to complete the Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations, correctly can result in a penalty of \$10,000 and extension of the statute of limitations for items not reported correctly on the Form 5471. In some jurisdictions, criminal sanctions can be imposed for noncompliance.

In the given climate, it does not appear that there will be any abatement in relation to the introduction of such measures. On the contrary, with the shifting focus domestically and internationally to the digital economy, it is likely that countries will introduce more measures relating to this sector, particularly in relation to digital marketplaces. Businesses will need to devote more resources to this tax compliance function and assess the risks in all the jurisdictions they operate.

## How We Can Help

At Cherry Bekaert, we have the expertise and resources to assist you in meeting this expanding compliance burden. Our International Tax Compliance practice has over 50 years of international compliance experience and is supported by our Cross-Border Services practice on technical matters. We are part of an international network of accounting firms that can provide the assistance you need to comply with foreign country laws.

### We can assist with many of your compliance needs including:

- ▶ U.S. Reporting of International Activities, including Forms 5471, 8858, 8865
- ▶ Foreign Bank Account Reporting
- ▶ Anti-deferral Calculations, including Subpart F/ GILTI/956
- ▶ Calculation and Modeling of Tax Benefits, including IC-DISC, FDII, Foreign Tax Credits
- ▶ Quantitative Consulting, including OFL/ODL studies, E&P studies



For more information on how we can help you in meeting your compliance needs and business objectives, reach out to your Cherry Bekaert tax professional or our International Tax Services practice today

#### **Brian D. Dill, JD, LL.M.**

*Principal, Tax Services  
International Tax Services Leader  
bdill@cbh.com*

#### **Pamela Whitehead**

*Compliance Leader  
Pamela.whitehead@cbh.com*

**cbh.com**



### About Cherry Bekaert

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