

# Financial Reporting for Taxes – 2010 Training

## “International Tax Basics”

**Overview:** Designed for tax and non-tax professionals with limited international experience, this course will help you gain an understanding of the basic tax accounting issues related to international tax operations, including introduction to foreign currency translation, exceptions to recognizing deferred taxes on investments in foreign investments, intercompany transactions, and accounting for foreign branches and partnerships.

### International Tax Basics

	Introduction to the Global Tax Provision	We will discuss how the tax provision is prepared on a consolidated basis, taking into account the four aspects of preparing a global tax provision:
	Case Study – Introduction	(1) tax provision of the U.S. parent (excluding foreign operations),
	Intercompany Transactions	(2) tax provision of foreign operations in foreign jurisdictions,
		(3) tax provision of U.S. parent on foreign activities in branches,
		(4) outside basis differences of U.S. parent in foreign subsidiaries.
8:30 a.m. –	Case Study - Activity 1	We will introduce a case study which we will review throughout the day that cover the steps of computing a global tax provision and will bring together the concepts of ASC 740-30, deferred taxes on outside basis differences, intercompany transactions, foreign currency, and branch accounting. We will cover general rules of intercompany transactions and discuss Activity 1 (exception to recording taxes on intercompany transactions).
10:00 a.m.	The Tax Provision of a Foreign Subsidiary	
	Case Study - Activity 2	We will then discuss the tax provision components of a foreign subsidiary focusing on commonly misunderstood items. We will continue the discussion on tax provisions of foreign operations in local jurisdictions by completing Activity 2 including the review of tax effects of a non-U.S. operation in its local jurisdiction.
10:30 a.m. –	Outside Basis Difference & the Indefinite Reversal Exception	We will introduce the components of outside basis differences in foreign investments and focus on the ASC 740-30 exception to recording deferred taxes on such outside basis differences. We will complete Activity 3 which reinforces the requirements of the ASC 740-30 exception. We will introduce the concept of foreign currency translation under ASC 830 and complete Activity 4 focusing on basic ASC 740 implications of foreign currency translation.
	Case Study – Activity 3	
12:00 p.m.	Foreign Currency Translation	
	Case Study – Activity 4	
1:00 p.m. –	Branches and Hybrid Entities	We will address the complexity of accounting for deferred taxes on activities that are taxed in two jurisdictions through branches and hybrid branches. The foreign exchange implications of operating as a branch will be reinforced with Activity 5.
	Case Study – Activity 5	
	Deferred Taxes on Foreign Investments	
3:00 p.m.	Case Study – Activity 6	We will discuss deferred taxes on foreign investments and will complete Activity 6 with a simple deferred tax calculation incorporating foreign tax credits illustrating the effective tax rate impact of deferred taxes on outside basis differences.
	Things Commonly Misunderstood in Computing an International Tax Provision	
	Wrap Up/ Review of Session	We will wrap up the day with a discussion and recap of the ten most common mistakes in an international tax provision.