CAMT and GloBE: Acquisition Planning

2023 U.S. Cross-Border Tax Conference

June 5–7, 2023

Solve for Complexity

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Agenda

01 Overview of GloBE and CAMT Rules

02 The Impact of GloBE and CAMT on Selected M&A Transactions

03 Key Takeaways

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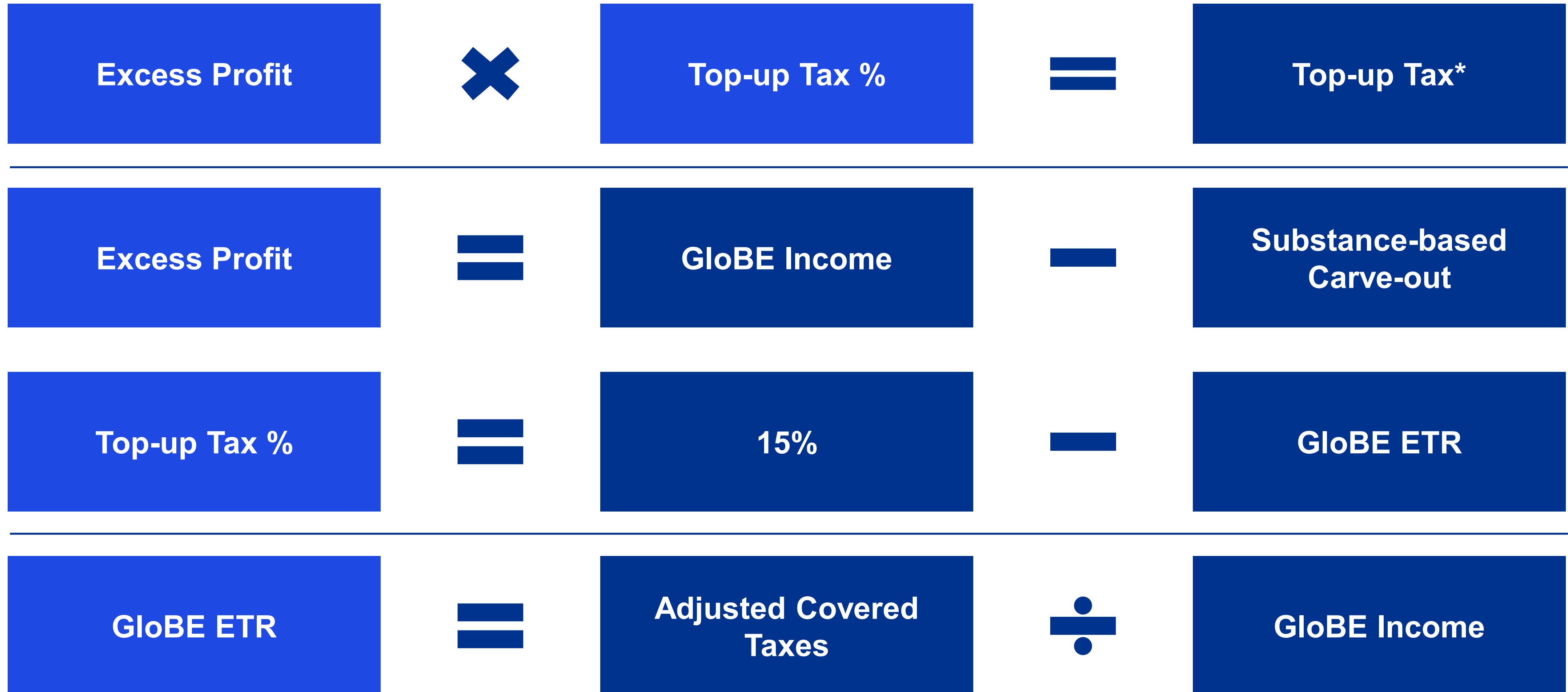
01

Overview of the Pillar 2 Global Anti-Base Erosion ("GloBE") and the US Corporate Alternative Minimum Tax ("CAMT") Rules

Computing GloBE top-up tax (jurisdiction-by-jurisdiction)



*No carryforward of Top-up Tax is permitted as a credit against regular tax in future years, but deferred tax accounting taken into account in computing ETR.

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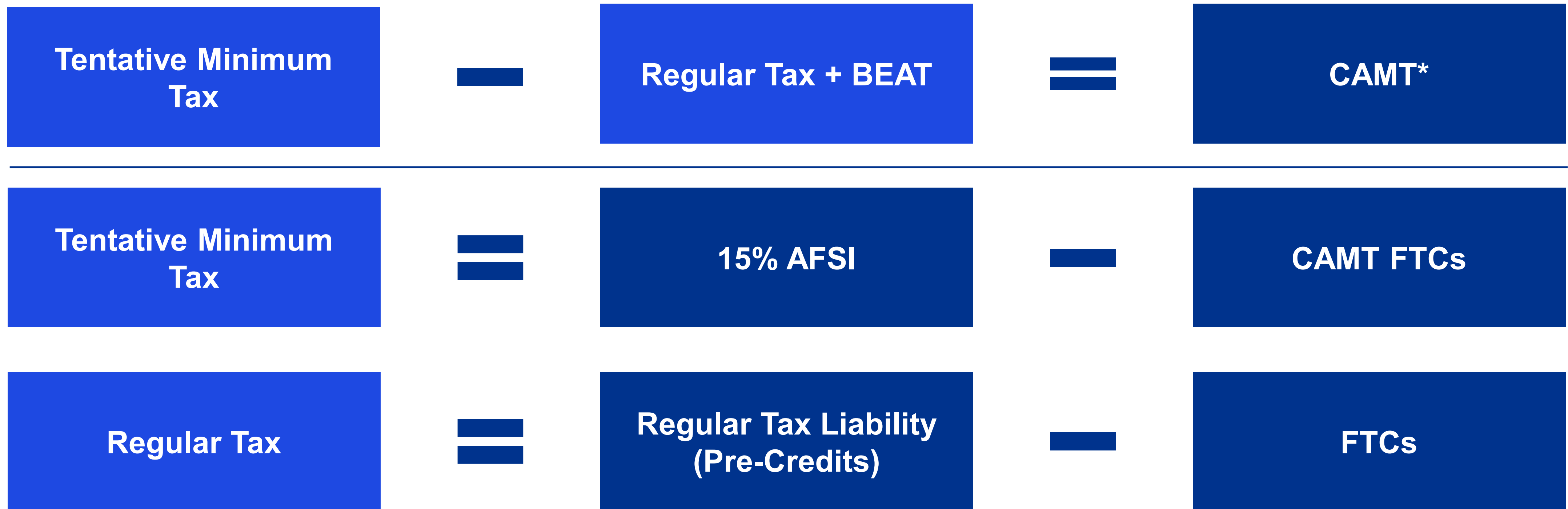
Computing CAMT liability (global, subject to CFC limitations)



*Taxpayer is allowed to claim a credit for its CAMT against regular tax (including BEAT) in future years, but the credit cannot reduce that future year's regular tax liability (taking into account FTCs and general business credits) below the tentative minimum tax for that year.

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Comparison of GloBE and CAMT (1)

	GloBE	CAMT
Effective date	Generally 2024 for IIR and 2025 for UTPR, but potentially 2024 for Korea	Tax years beginning after 12/31/22 (i.e., 2023 for calendar year taxpayers)
Scope	>€750m of global revenue of group in at least 2 of the preceding 4 years	Generally >$1b of AFSI, applying aggregation rules, during any preceding 3-year period beginning in 2020; special rules for foreign-parented groups
Rate	15%	15%
Jurisdictional scope	Country-by-country	Combined US and CFC, except for certain limitations with respect to CFC losses and credits
Base	Financial statement net income with adjustments (GloBE income)	Financial statement net income with adjustments (AFSI)
Regular tax comparison	Based on book; adjusted covered taxes includes both current tax expense and deferred tax expense with adjustments (including recasting at 15% rate)	Based on tax; regular tax liability (less FTCs) + BEAT; deferred tax accounting not taken into account
General business credits (GBCs)	Reduces adjusted covered taxes, except for refundable credits and certain credits from entities accounted for under the equity method	Does not reduce regular tax liability; general business credits generally permitted to offset approximately 75% of combined regular tax (including BEAT) and CAMT
NOLs	DTAs taken into account in computing adjusted covered taxes	Carryforward of post-2019 financial statement NOLs reduce AFSI for liability determination purposes (but not for scope determinations)
Substance-based carve out	Fixed return on payroll + tangible assets	None
Foreign tax credit carryforwards	Reduces adjusted covered taxes when taken, does not reduce adjusted covered taxes when generated	Reduces regular tax liability when taken, but CAMT FTCs also reduce tentative minimum tax

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Comparison of GloBE and CAMT (2)

	GloBE	CAMT
Stock-based comp expense	Generally based on book, but an election permitted to replace book expense with tax expense	Based on book
Basis after asset acquisition	Determined under applicable accounting principles, except in the case of a "GloBE reorganization"	Determined under applicable accounting principles, except in the case of a "covered nonrecognition transaction"
Basis after stock acquisition	Purchase accounting and push-down accounting not taken into account, except push-down accounting permitted for certain pre-12/1/21 transactions	Purchase accounting and push-down accounting taken into account (pending guidance)
Depreciation	Based on book but with deferred tax accounting taken into account	Based on tax
Amortization	Based on book, except DTLs not expected to reverse within 5 year (e.g., for long-lived IP) generally not taken into account	Based on book, except in the case of qualified wireless spectrum
Asset gain	Included, except in the case of a GloBE reorganization	Included, except in the case of a covered nonrecognition transaction
Equity gains and losses	Excluded, except for portfolio shareholdings or by election	Included if included in gross income for regular tax
Dividends	Generally excluded	Dividends from non-consolidated entities included, pending guidance to prevent double counting
Interaction	CAMT taken into account for purposes of IIR and UTPR, but not QDMTT (same treatment for GILTI); CAMT credit reduces adjusted covered taxes when taken (not when generated)	Generally GloBE taxes not expected to be taken into account as FTC, except for taxes paid under QDMTT

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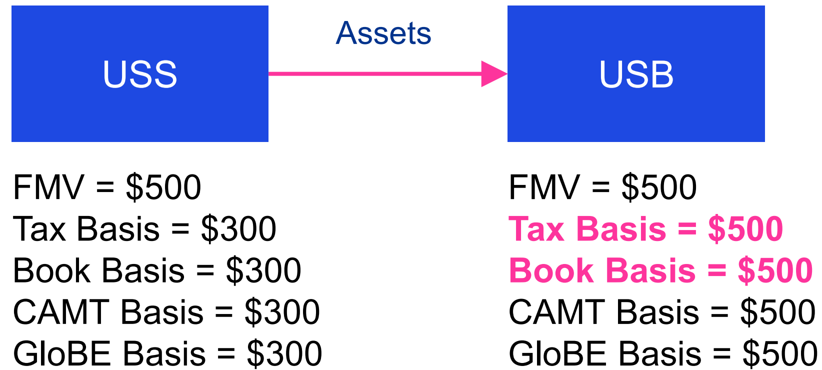
02

The Impact of GloBE and CAMT on Selected M&A Transactions

2a

Post-Effective Date Transaction Paradigms

Example (1): Third-party asset sale (1)



Facts

- USS sells assets to USB for $500 in a taxable transaction. USS recognizes gain of $200 with respect to the asset sale for regular tax purposes, and pays $42 of regular US tax.
- Among the assets sold is (1) long-lived IP with an indefinite life (e.g., goodwill and trademarks) and (2) tangible property amortizable under §168.
- For regular US tax purposes, USB takes a FMV basis in the long-lived IP and tangible property. USB elects bonus deprecation with respect to the tangible property.
- Under its applicable accounting standard, USB takes a FMV carrying value in all of the assets, depreciates the tangible property over its useful life, but does not amortize long-lived IP for book purposes.

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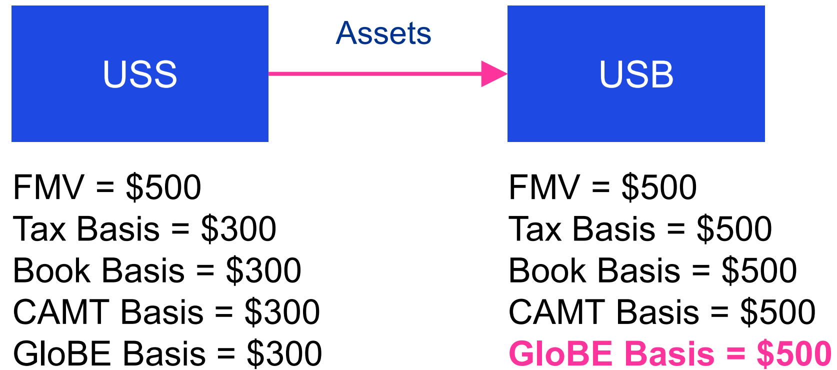
Example (1): Third-party asset sale (2)



GloBE Implications

- USS recognizes $200 of GloBE income from the asset sale, and the $42 of US taxes resulting from the asset sale are taken into account as adjusted covered taxes.
- USB takes a FMV carrying value in all the assets acquired from USS for GloBE. However, the go-forward GloBE consequences of acquiring these assets depends on the asset type:
  - Long-lived IP: Because USB does not amortize long-lived IP for book purposes, GloBE income will generally increase relative to taxable income. Further, any DTL created as the long-lived IP amortizes for tax purposes does not increase adjusted covered taxes unless it reverses within 5 years (Art. 4.4.4).
  - Tangible property: Because USB depreciates the tangible property faster for tax than book, GloBE income will generally increase relative to taxable income. However, the resulting DTL (recast at a maximum 15% rate) is taken into account in computing adjusted covered taxes (Art. 4.4.5(a)).

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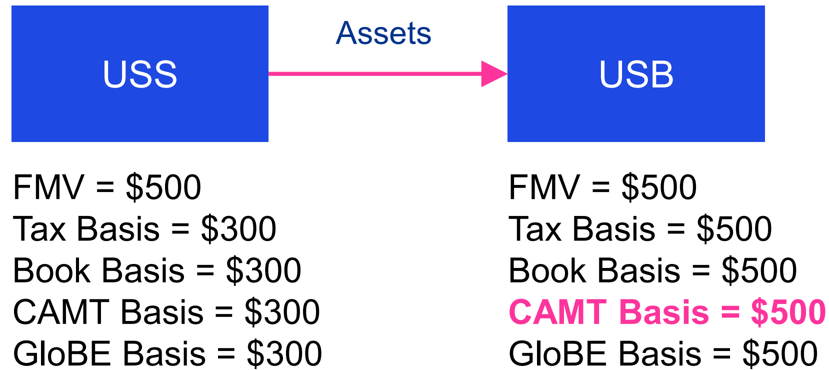
Example (1): Third-party asset sale (3)



CAMT Implications

- USS recognizes $200 of AFSI from the asset sale, and the $42 of US taxes resulting from the asset sale are taken into account as regular taxes in determining CAMT.
- USB takes a FMV carrying value in all the assets acquired from USS for CAMT. However, the go-forward CAMT consequences of acquiring these assets depends on the asset type:
  - Long-lived IP: Because USB does not amortize long-lived IP for book purposes, but does amortize the basis for tax purposes, AFSI will generally increase relative to taxable income by reason of the acquisition. Unless and until USB disposes of or impairs the long-lived IP, the CAMT credit created as a result of the resulting increase to AFSI relative to taxable income is not expected to address this timing difference (though it could address other timing or permanent differences).
  - Tangible property: Tax depreciation replaces book deprecation for purposes of CAMT, and thus the acquisition of the tangible property likely will not result in CAMT liability.

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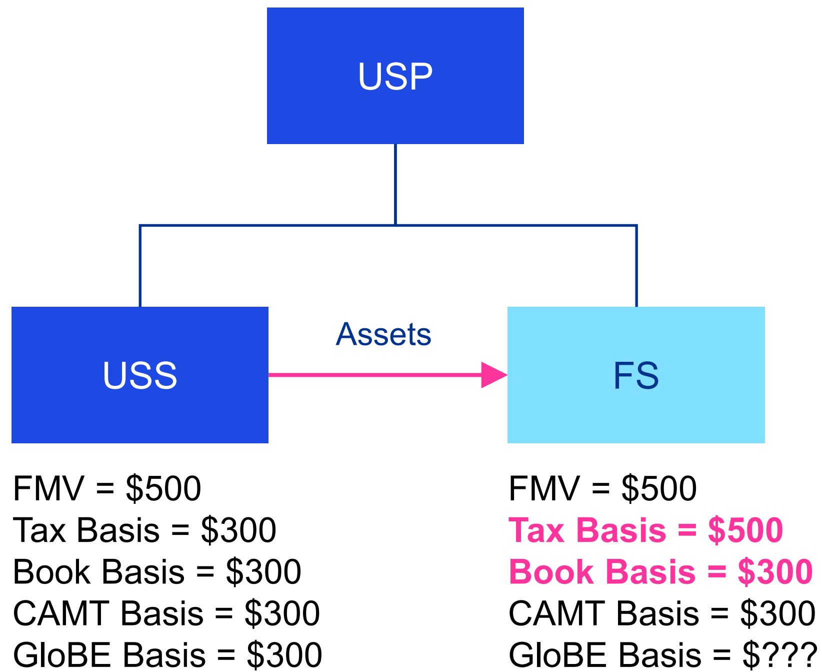
Example (2): Intragroup asset sale (1)



Facts

- USS sells assets to FS for $500 in a taxable transaction. USS recognizes gain of $200 with respect to the asset sale for regular tax purposes, and pays $42 of regular US tax.
- Among the assets sold is (1) long-lived IP with an indefinite life (e.g., goodwill and trademarks) and (2) tangible property amortizable under §168.
- For regular US tax purposes, FS takes a FMV basis in the long-lived IP and tangible property. For local tax purposes, FS amortizes the basis of the long-lived IP and tangible property on a straight-line basis over its useful life.
- Under its applicable accounting standard, FS takes USS's historical carrying value in all of the assets, depreciates the historic carrying value of the tangible property on a straight-line basis over its useful life, but does not amortize historic carrying value of the long-lived IP for book purposes.

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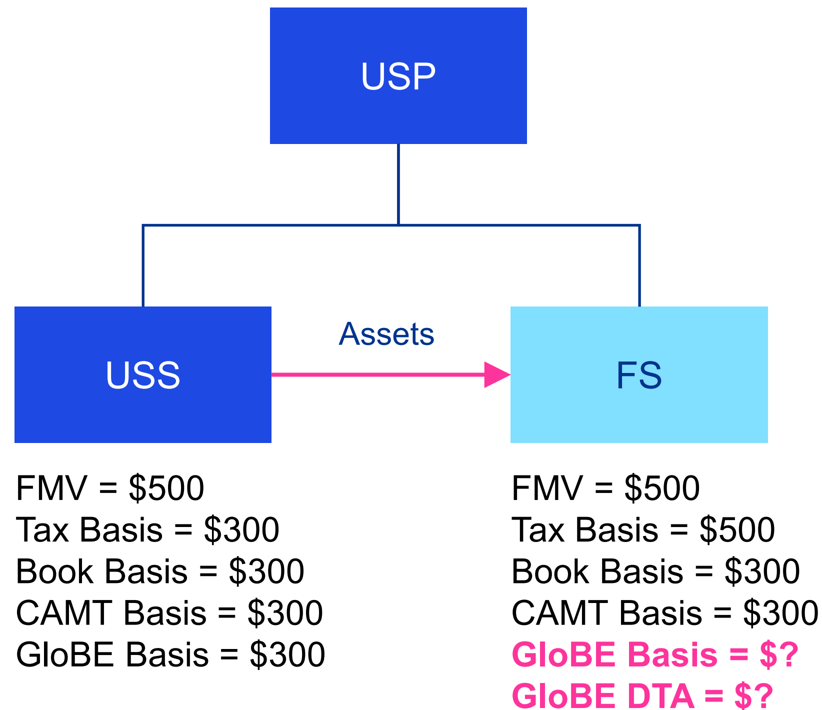
Example (2): Intragroup asset sale (2)



GloBE Implications

- USS recognizes $200 of GloBE income from the asset sale, and the $42 of US taxes resulting from the asset sale are taken into account as adjusted covered taxes.
- It is unclear whether FS takes a FMV carrying value in the assets or, alternatively, is permitted to take into account the DTA created by reason of the transaction. The go-forward GloBE consequences of acquiring these assets depends on the asset type, and the relief provided by future guidance:
  - Long-lived IP: Because FS does not amortize long-lived IP for book purposes, a DTA would be preferable, since the reversal of the DTA would create adjusted covered taxes. In contrast, if FS takes a FMV carrying value in the assets for GloBE, any DTL created as the long-lived IP amortizes for tax purposes does not increase adjusted covered taxes unless it reverses within 5 years (Art. 4.4.4).
  - Tangible property: Because FS depreciates the tangible property on the same schedule, if FS is in a low-tax jurisdiction, taking a FMV carrying value in the assets would generally be preferable, because the expense not only reduces the denominator in the ETR fraction, but also reduces the excess profits in FS's country of residence.

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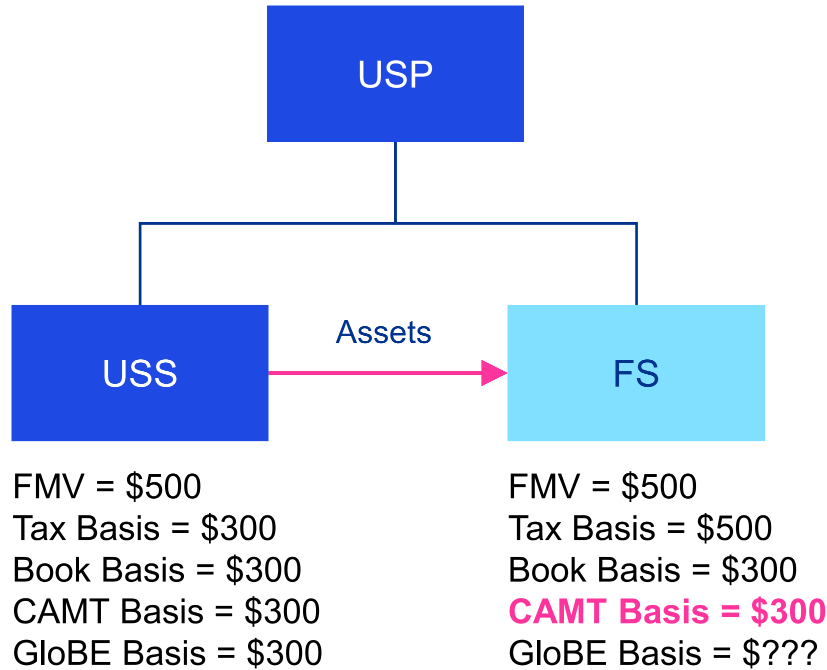

CAMT Implications

- Pending guidance, USS recognizes no AFSI from the asset sale under its applicable accounting standard, but the $42 of US taxes resulting from the asset sale are still taken into account as regular taxes in determining CAMT.
- Pending guidance, FS takes USS's historical carrying value in all the assets acquired for CAMT. However, the go-forward CAMT consequences of acquiring these assets depends on the asset type:
  - Long-lived IP: Because FS takes USS's historical carrying value in the long-lived IP for CAMT purposes, but takes a stepped-up basis for tax purposes, AFSI will generally increase relative to taxable income by reason of the sale. Because regular tax is accelerated relative to CAMT on the sale, the CAMT credit created as a result of the resulting increase to AFSI relative to taxable income is not expected to address this timing difference (though it could address other timing or permanent differences).
  - Tangible property: Tax depreciation replaces book deprecation for purposes of CAMT, and thus the acquisition of the tangible property likely will not result in CAMT liability.

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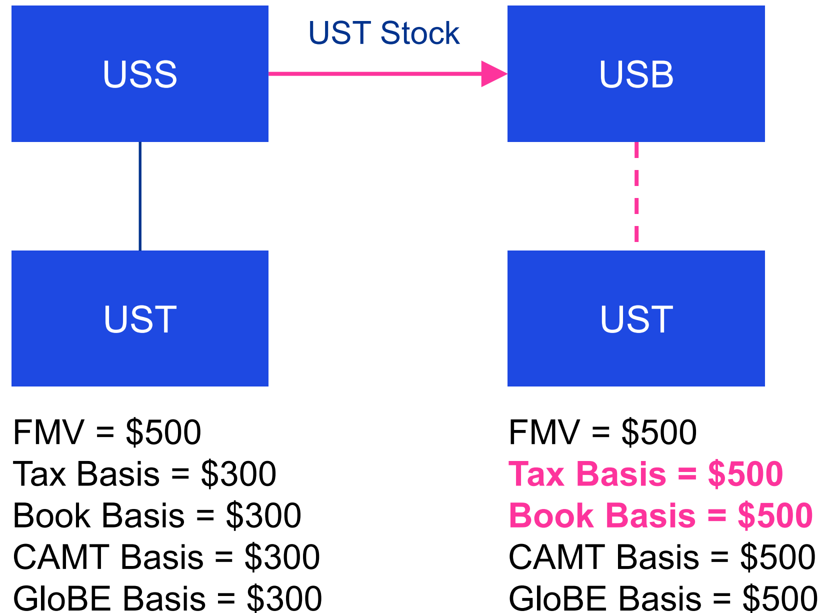
Example (3) : Sale of US stock with §338(h)(10) election (1)



Facts

- USS sells all of the stock of UST to USB for $500; USB and USS make a §338(h)(10) election with respect to the purchase of UST.
- By reason of the §338(h)(10) election, for regular US tax purposes:
  - UST is treated as selling all of its assets to "New UST," and the USS group pays $42 of regular US tax with respect to the $200 gain recognized;
  - UST is treated as liquidating and distributing the proceeds of the sale to USS in a §332 liquidation; and
  - UST takes a FMV basis in all of its property. Bonus depreciation is elected with respect to the tangible property.
- Under its applicable accounting standard, USB applies purchase accounting so that the USB group carries the assets of UST at FMV.

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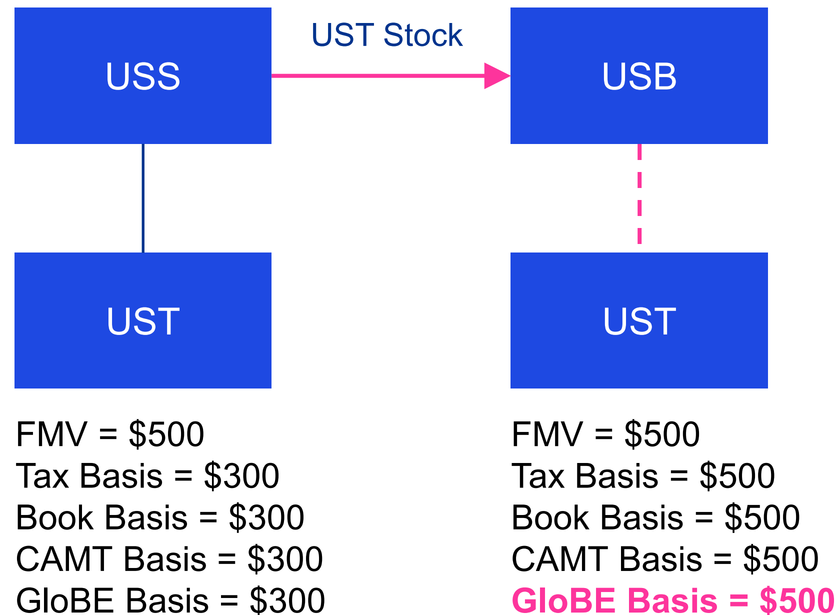
Example (3) : Sale of US stock with §338(h)(10) election (2)



GloBE Implications

- Assuming UST makes an election[1] under Art. 6.3.4, UST recognizes $200 of GloBE income from the asset sale, and the $42 of US taxes resulting from the asset sale are taken into account as adjusted covered taxes.
- The USB group takes a FMV carrying value in all the assets acquired for GloBE. However, the go-forward GloBE consequences of acquiring these assets depends on the asset type:
  - Long-lived IP: Because USB does not amortize long-lived IP for book purposes, GloBE income will generally increase relative to taxable income by reason of the sale. Further, any DTL created as the long-lived IP amortizes for tax purposes does not increase adjusted covered taxes unless it reverses within 5 years (Art. 4.4.4).
  - Tangible property: Because USB depreciates the tangible property faster for tax than book, GloBE income will generally increase relative to taxable income over time. However, the resulting DTL (recast at a maximum 15% rate) is taken into account in computing adjusted covered taxes (Art. 4.4.5(a)).

[1] The election does not appear available for any transactions prior to the year in which GloBE becomes effective, so relief may not be possible for these transactions

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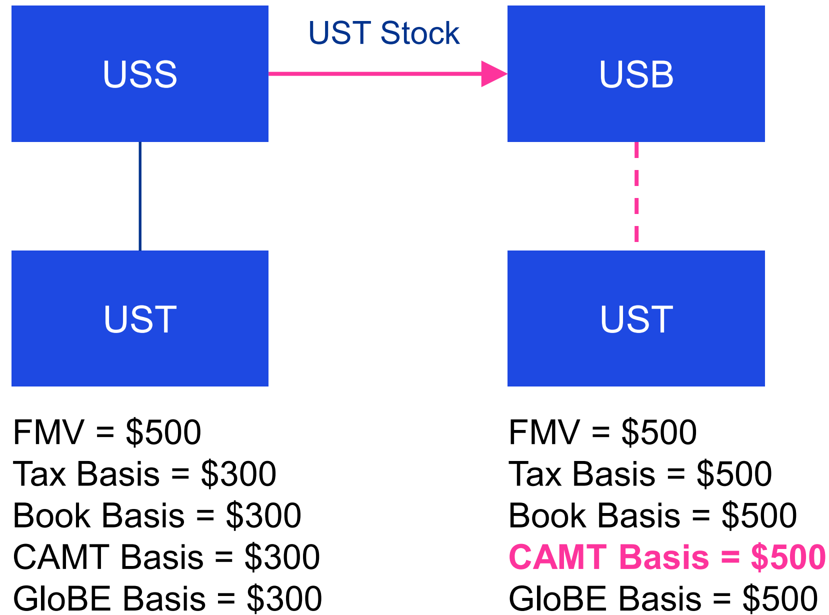
Example (3) : Sale of US stock with §338(h)(10) election (3)



CAMT Implications

- Pending guidance, USS recognizes $200 of AFSI from the asset sale, and the $42 of US taxes resulting from the asset sale are taken into account as regular taxes in determining CAMT.
- Pending guidance, the USB group takes a FMV carrying value in all the assets acquired from USS for CAMT. However, the go-forward CAMT consequences of acquiring these assets depends on the asset type:
  - Long-lived IP: Because the USB group does not amortize long-lived IP for book purposes, but does amortize the basis for tax purposes, AFSI will generally increase relative to taxable income by reason of the acquisition. Unless and until USB disposes of or impairs the long-lived IP, the CAMT credit created as a result of the resulting increase to AFSI relative to taxable income is not expected to address this timing difference (though it could address other timing or permanent differences).
  - Tangible property: Tax depreciation replaces book deprecation for purposes of CAMT, and thus the acquisition of the tangible property likely will not result in CAMT liability.

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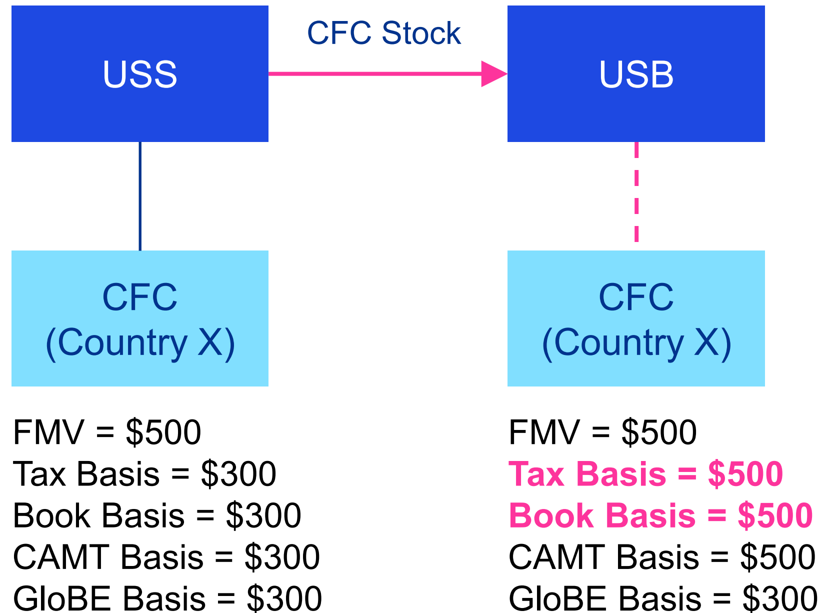
Example (4) : Sale of CFC stock with §338(g) election (1)



Facts

- USS sells all of the stock of CFC to USB for $500; USB makes a §338(g) election with respect to the purchase of CFC.
- By reason of the §338(g) election, for regular US tax purposes:
  - CFC is treated as selling all of its assets to "New CFC," and the $200 gain recognized by CFC on such deemed asset sale may be included in USS's income under either the Subpart F or GILTI rules; and
  - USS is treated as selling its CFC stock to USB and recognizes gain or loss from that sale of CFC stock taking into account any adjustments to USS's US tax basis in CFC resulting from the CFC deemed asset sale.
- Under its applicable accounting standard, USB applies purchase accounting so that the USB group carries the assets of CFC at FMV.

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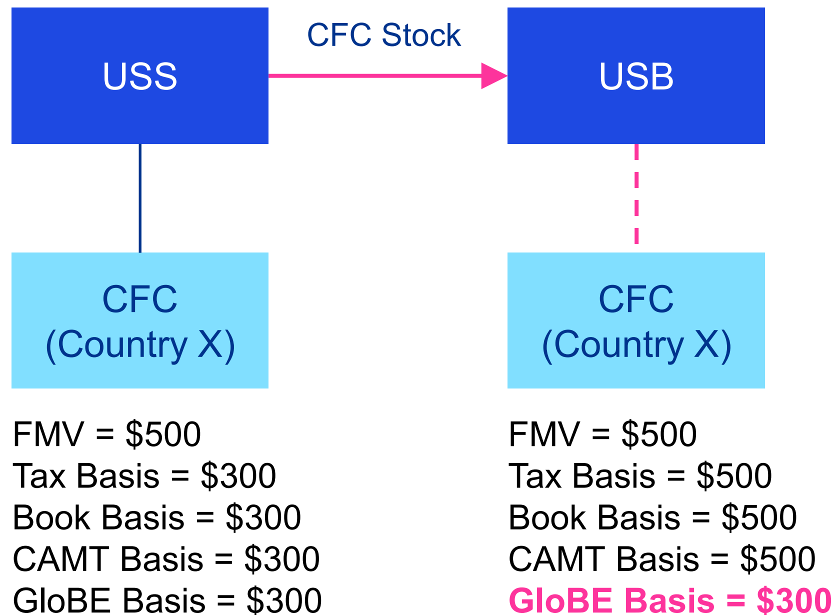
Example (4) : Sale of CFC stock with §338(g) election (2)



GloBE Implications

- Any income or loss recognized by USS from the sale of CFC stock, including by reason of the deemed sale of CFC's assets, and any taxes arising from the sale, is excluded from GloBE income and adjusted covered taxes (Arts. 3.2.1(c) and 4.1.3(a)).
  - However, recent Administrative Guidance permits an election to take into account income, loss, and taxes associated with stock dispositions (Administrative Guidance, Art. 2.9).
- For purposes of computing GloBE income, CFC's basis in its assets is determined without regard to purchase or push-down accounting (Art. 6.2.1(c)).
  - For transactions prior to December 1, 2021, push-down accounting is taken into account if the MNE group lacks sufficient records to determine historic carrying values (Commentary, pg. 44).
- Therefore, CFC retains its historical carrying value of its assets ($300) for purposes of GloBE.
- In future years, USB's GILTI taxes with respect to CFC may be allocated to CFC for the purposes of computing Country X Top-up Tax (Art. 4.3.2(c)) for purposes of the IIR and UTPR, but not QDMTT; but GILTI taxes will likely be reduced by reason of the §338(g) election.

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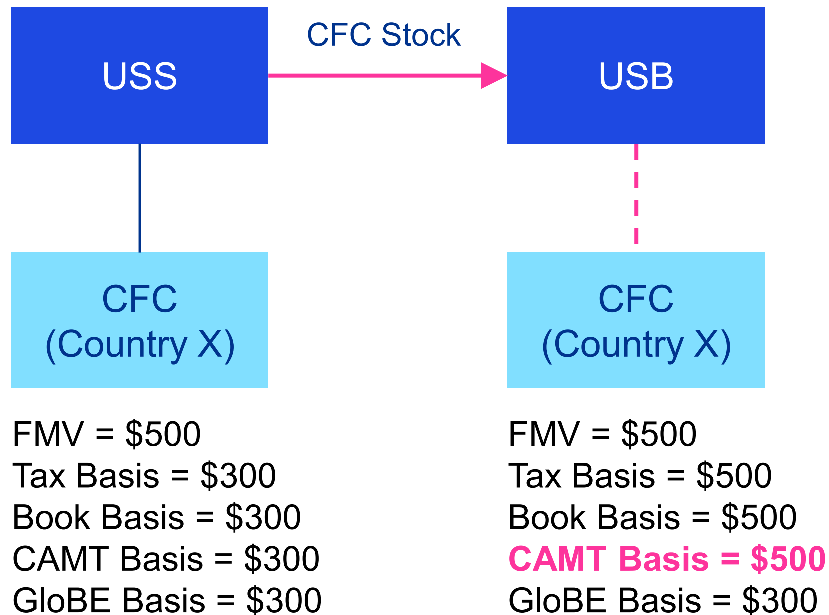
Example (4) : Sale of CFC stock with §338(g) election (3)



CAMT Implications

- USS's AFSI apparently includes any gain or loss recognized for tax purposes on the sale of CFC stock, taking into account the increase in the basis in the stock by reason of the deemed asset sale by CFC, but apparently does not include any gain or loss on the deemed asset sale by CFC. Further, any taxes paid on the sale of CFC stock, including by reason of the deemed asset sale by CFC, are included in the computation of the regular tax liability, and thus may reduce CAMT liability.
- Pending guidance to the contrary, applying purchase accounting, AFSI of CFC taken into account by USB under the CFC adjustment rule of the CAMT provisions is determined on a go-forward basis by reference to the FMV of CFC's assets and liabilities, not their historical carrying value.
  - For the go-forward consequence of this purchase, see earlier slide on the CAMT implications of an asset purchase.

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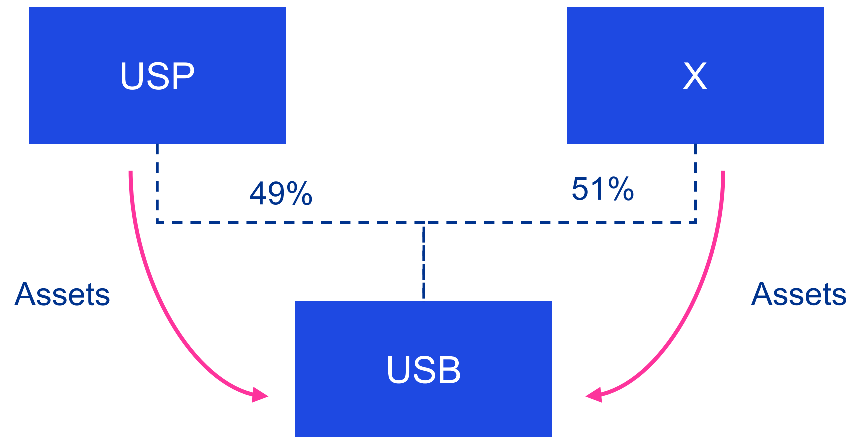
Example (5) : Section 351 Contribution (1)



FMV = $500
Tax Basis = $300
Book Basis = $300
CAMT Basis = $300
GloBE Basis = $300

FMV = $500
Tax Basis = $300 ($325)
Book Basis = $500
CAMT Basis = $300 ($500)
GloBE Basis = $300 ($325)

Facts

- USP transfers assets with a FMV of $500 and tax basis and book carrying value of $300 to USB solely in exchange for 49% of the stock of USB, and unrelated X transfers assets to USB in exchange for the remaining 51% of the USB stock.
- The transfer qualifies as a §351 contribution for USFIT purposes. Therefore, for regular tax purposes, USP recognizes no gain under §351(a), and USB takes a carryover basis of $300 in the transferred assets.
- USB is not included on the consolidated financial statement of USP. Thus, under their applicable accounting standards, USP recognizes $200 of book income, and USB takes a FMV carrying value in all its assets received from USP.
- **Alternative** – Same facts, but USS receives a slightly reduced percentage of the stock of USB and $25 of cash. As a result, for regular tax purposes, USP recognizes gain of $25 under §351(b), and USB takes a carryover basis in the transferred assets increased by the $25 of gain recognized by USS under §362(a) ($325).

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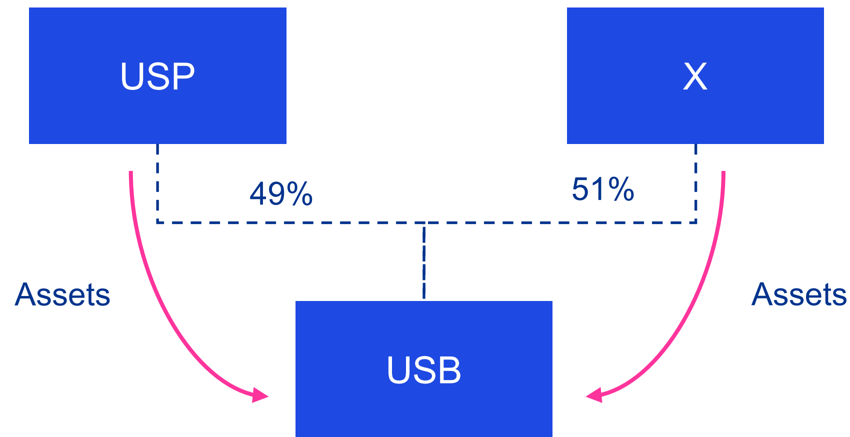
Example (5) : Section 351 Contribution (2)



FMV = $500
Tax Basis = $300
Book Basis = $300
CAMT Basis = $300
GloBE Basis = $300

FMV = $500
Tax Basis = $300 ($325)
Book Basis = $500
CAMT Basis = $300 ($500)
GloBE Basis = $300 ($325)

GloBE Implications

- Because USP's transfer of assets is a "GloBE reorganization," USP excludes any gain or loss on the transfer from GloBE income, and USB determines its GloBE income after the acquisition using USP's carrying values in the acquired assets (Art. 6.3.2).
- A GloBE reorganization includes a transfer of assets where in whole, or in significant part, the transfer is: (i) in exchange for, among other things, stock; (ii) the transferor's gain or loss on the assets is not subject to tax, in whole or in part; and (iii) the transferee is required to compute taxable income after the acquisition by using the transferor's basis, adjusted for any non-qualifying gain or loss. (Art. 10.1.1).
- **Alternative** – Same analysis, except, because USP recognizes $25 of "Non-qualifying gain," USP includes $25 of its book income in its GloBE income, and USB takes USP's carrying value in the assets increased by $25, with the carrying value of each asset being adjusted "consistent with local tax rules" (Art. 6.3.3).

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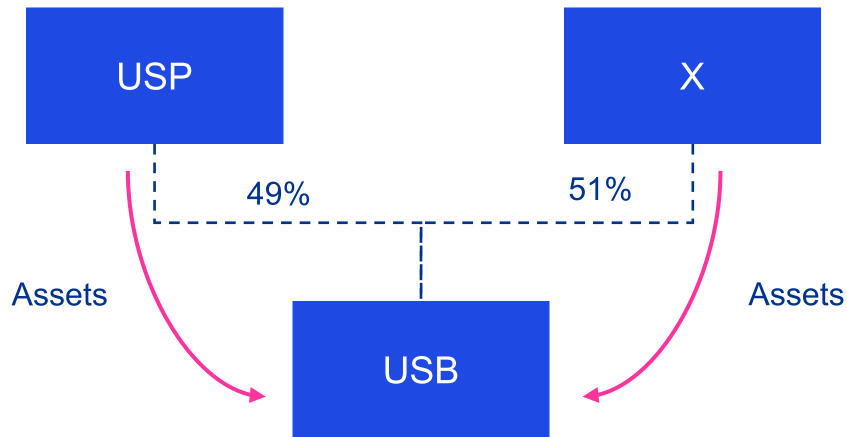
Example (5) : Section 351 Contribution (3)



FMV = $500
Tax Basis = $300
Book Basis = $300
CAMT Basis = $300
GloBE Basis = $300

FMV = $500
Tax Basis = $300 ($325)
Book Basis = $500
CAMT Basis = $300 ($500)
GloBE Basis = $300 ($325)

CAMT Implications

- USP's transfer of assets qualifies as a Covered Nonrecognition Transaction (Notice 2023-7, §3.02(5)(a)).
- A Covered Nonrecognition Transaction is "a transaction that, solely with regard to a corporation or a partnership (as appropriate), qualifies for nonrecognition treatment for Federal income tax purposes, respectively, under §§ 332, 337, 351, 354, 355, 357, 361, 368, 721, 731, or 1032, or a combination thereof, and is not treated as resulting in any amount of gain or loss for Federal income tax purposes (that is, solely with regard to the corporation or partnership, as appropriate)."
- Assuming that USP is a "party" to the Covered Nonrecognition Transaction, USP does not include any gain for purposes of computing its AFSI, and USB receives a carryover basis in the assets transferred for purposes of computing its AFSI (Notice 2023-7, §3.03(1)(a) and (2)).
- **Alternative** – Because USS recognizes $25 of taxable income as a result of the application of §351(b), the transfer does not qualify as a Covered Nonrecognition Transaction, and USS recognizes $200 of AFSI, and USB takes a FMV carrying value in all the assets acquired from USS for CAMT.

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2b

CAMT Treatment of Foreign Dividends

Treatment of US shareholders and foreign corporations

- In the case of any corporation which is not included on a consolidated return with the taxpayer, AFSI of the taxpayer is determined by “only taking into account the ***dividends*** received from such other corporation…and other amounts which are includible in gross income or deductible as a loss under this chapter…” (§56A(c)(2)(C))
  - “Dividends” appears to mean any item treated as a dividend for tax; no explicit allowance for a §245A DRD
  - A PTEP distribution received by a US shareholder is treated as “a distribution which is not a dividend” under §959(d); however, a PTEP distribution received by a CFC under §959(b) is not described in §959(d) and thus appears to still be a “dividend” even though excluded under section § 959(b) from the CFC’s gross income for purposes of determining the US shareholders Subpart F/GILTI inclusions.
- In computing its adjusted financial statement income (AFSI), a US shareholder must “also” take into account its pro rata share of CFC net income/loss (§56A(c)(3)(A))
  - CFC net income/loss is determined by making adjustments “similar to” those in computing taxpayer AFSI, including adjustments for dividends and other amounts (§56A(c)(3)(A))
- **Issue: How and to what extent are dividends received from foreign corporations (including CFCs) taken into account in a taxpayer’s AFSI under §56A(c)(2)(C)?**

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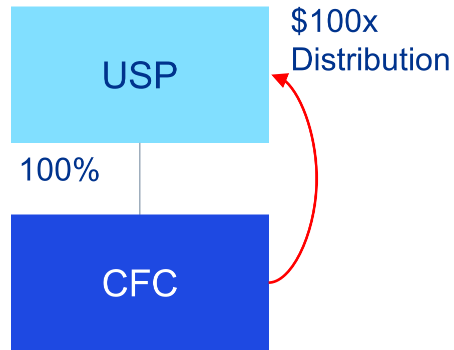
CFC dividends – Overview

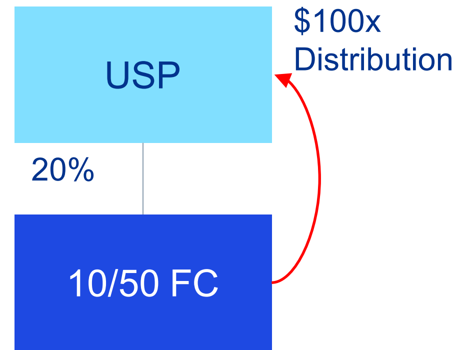
Scenario 1: First-Tier Legacy CFC



Pre-2023 E&P = $50x
- PTEP = $25x
- Untaxed E&P = $25x

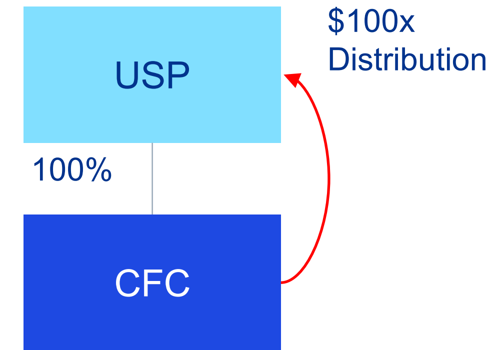
Post-2022 E&P = $50x
- PTEP = $25x
- Untaxed E&P = $25x

Scenario 2: First-Tier Legacy 10/50 Company



Pro rata share E&P = $100x
- PTEP = $60x
- Pro rata share untaxed E&P = $40x

Scenario 3: Acquired First-Tier CFC with Pre-Acquisition E&P



Pre-acquisition E&P = $75
- Untaxed E&P (post-2022) = $75x

Post-acquisition E&P = $25x
- PTEP = $25x

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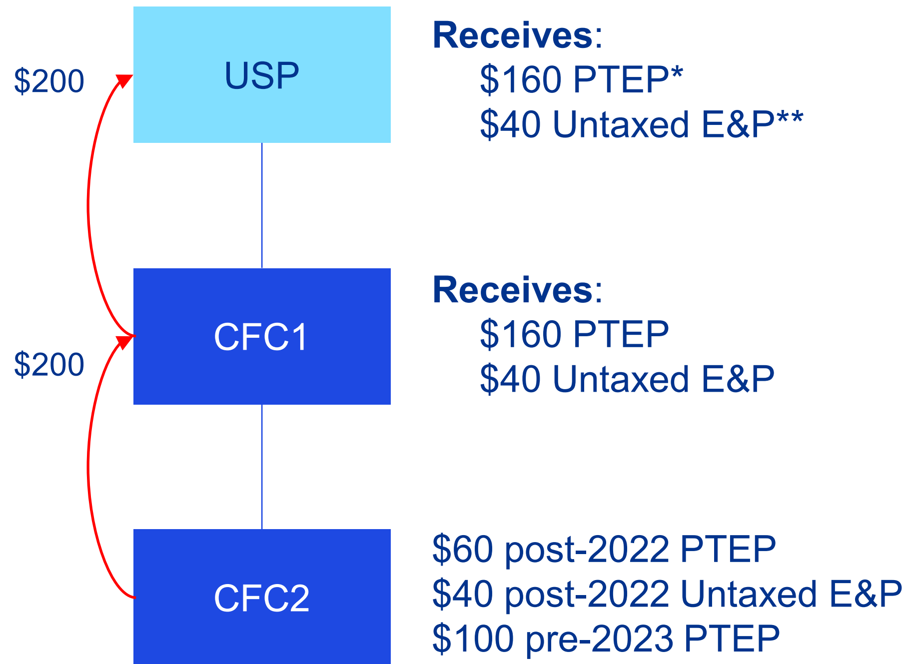
CFC dividends – Serial Distributions



Receives:
$160 PTEP*
$40 Untaxed E&P**

Receives:
$160 PTEP
$40 Untaxed E&P

$60 post-2022 PTEP
$40 post-2022 Untaxed E&P
$100 pre-2023 PTEP

Net income on AFS of:	Amount of Entity's Net Income Included in USP's AFSI	Amount of Entity's Income Included in USP's taxable Income
CFC2	100	60
CFC1	200? 100? 0?	0
USP	200? 100? 0?	0
Total	**?**	**60**

* Excluded from gross income and not a dividend under §959
** Eligible for $40 of §245A DRD

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2c
Tax GloBE Due Diligence

Selected GloBE tax due diligence questions

What does the acquisition look like?

- Where Target is either (i) an Ultimate Parent Entity (UPE), (ii) an Intermediate Parent Entity (IPE), or (iii) a Partially-Owned Parent Entity (POPE), GloBE Model Rules filing duties and tax payments apply.
- Potential obligations need to be analyzed (i.e., are filing requirements fulfilled at all, in time, correctly, and included in reps and warranties?).
- The same applies if Target is not a MNE Group, but instead is comprised of one or more Constituent Entities (CEs) that may be subject to a QDMTT.

- Does the contemplated acquisition trigger initial GloBE Model Rules filing requirements for the Buyer?
- Does Target include a Low-Tax CE which may “infect” CEs already owned by the Buyer in the same jurisdiction?
- Did Target acquire any assets from other members of its group (other than inventory) within the transition period (December 1, 2021, through the first year that the GloBE rules apply to the Target’s jurisdiction)?
- Does Target have tax attributes (e.g., NOLs and long-term Deferred Tax Liabilities) that could increase or decrease the jurisdictional Top-up Tax?
- IP transfers – pre or post-deal?

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03

Key Takeaways

Key takeaways

01

Impact on M&A once GloBE is enacted

The primary (but not the only) impact of the GloBE rules from an M&A perspective, once implemented, will be to (i) effectively disallow (or greatly reduce) the tax benefits of the amortization of long-lived intangible assets, (ii) disallow some of the tax benefits associated with deemed asset sale transactions (e.g., a §338(g) election under US tax law), and (iii) generally turn off purchase accounting for the purchase of entities.

02

GloBE rules already to be considered

Although the GloBE rules are not yet effective, transactions occurring before the effective date of the GloBE rules could impact the computation of GloBE income and loss, adjusted covered taxes, and the allocation of Top-up Tax once the GloBE rules are effective. As a result, it is critical to consider the GloBE rules when structuring transactions before the effective date of the GloBE rules and in determining their overall impact on the acquiring company's tax profile. These issues include:

- Application of the transition rule (not covered in this presentation) to intercompany transactions occurring after November 30, 2021; and
- Disallowance of purchase accounting for purchases of entities prior to the implementation of GloBE, including in the case of certain US tax elections that step-up basis for US tax purposes.

03

CAMT considerations

Like the GloBE rules, the CAMT rules can effectively disallow (or greatly reduce) the tax benefits of the amortization of long-lived intangible assets. In addition, the (i) cliff effect under current guidance, depending on whether there is any gain recognized in an otherwise tax-free transaction, and (ii) the significant uncertainty as to how CFC distributions are to be treated in various circumstances, should be considered.

04

Due diligence and modelling considered in current M&A transactions

Relevant GloBE and CAMT tax due diligence items need to be raised currently during the M&A process, even though in the case of GloBE, the rules are not yet effective. In addition, any modelling needs to take any GloBE or CAMT impacts into account.

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Who are we?

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Gordon joined KPMG in 2017 and heads KPMG US's Complex Transactions Group and is Co-Principal in charge of KPMG US's WNT M&A practice. Prior to joining KPMG, Gordon was global head of tax at the British law firm, Linklaters, and, before that, at the US law firm, Dewey Ballantine and its successor. He is an active speaker at many tax conferences as well as being actively involved in many professional tax organizations, most recently chairing the New York State Bar Association Tax Section in 2021.

Gordon has represented numerous multinational corporations in all aspects of their M&A activity, including cross-border financing, mergers & acquisitions, spin-offs and carve-outs, and post-merger integration. In addition, over the years he has provided advice regarding numerous distressed and non-distressed restructurings in various industries, as well as advising on various private equity transactions.

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Gary is a Principal in the International Tax Group within KPMG's Washington National Tax office. Gary joined KPMG in August 2019, following his tenure as an attorney-advisor in the Office of the International Tax Counsel at the U.S. Department of the Treasury.

Gary advises clients on U.S. international tax matters, including tax planning with respect to their structures, operations, and transactions. In particular, he has extensive experience advising on issues relating to disposition and acquisition planning, particularly the application of the U.S. anti-inversion rules. He also helps clients navigate U.S. tax reform, in particular the regimes for Global Intangible Low-Taxed Income (GILTI) and Foreign-Derived Intangible Income (FDII). In addition, he advises clients on the application of the Corporate Alternative Minimum Tax (CAMT) and the Global Anti-base Erosion (GloBE) rules, particularly with respect to cross-border M&A transactions.

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Who are we?

Carolina Perez Lopez

VP Global Tax Planning and Tax Counsel, Johnson & Johnson

Carolina Perez is Vice President, Global Tax Planning and Tax Counsel, and a member of the global tax group of Johnson & Johnson. In this role, Carolina is responsible for driving tax strategy and execution for acquisitions, divestitures, licensing deals and restructurings for the enterprise and tax planning for Johnson & Johnson's pharmaceutical and medtech businesses worldwide.

Prior to joining Johnson & Johnson, Carolina was Vice President, Transfer Pricing at Pfizer, where she led a large international team responsible for setting and implementing the transfer pricing policy for the company, as well as managing and defending on audit the company's transfer pricing positions globally. Carolina previously served as Pfizer's Senior Tax Counsel, responsible for various major worldwide planning initiatives, acquisitions, divestitures, and restructurings, as well as the implementation of tax planning strategies in connection with the Tax Cuts and Jobs Act of 2017, and legal entity rationalization. Prior to joining Pfizer, Carolina was counsel at Clifford Chance LLP, spending time both in New York and London, where she helped built and lead the firm's US tax group overseas.

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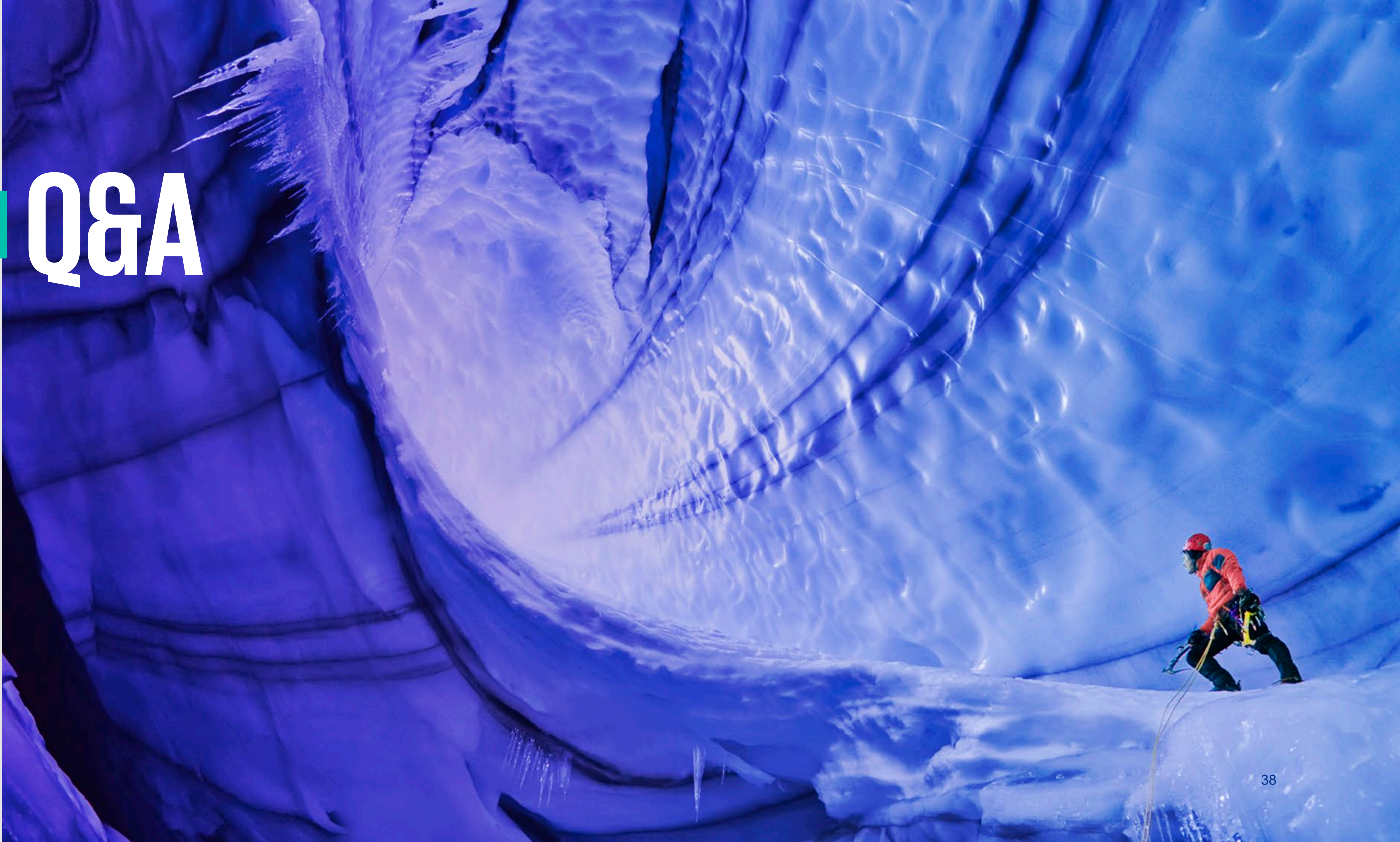
Q&A



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