Recent International Activities and Future Focus of IRS LB&I

ABA Section of Taxation
May Meeting, 2014
Washington, DC
Our Panel

Fred Murray, Panel Chair
Grant Thornton LLP
Washington, DC

Rocco Femia
Miller & Chevalier, Chartered
Washington, DC

Michael Danilack
Deputy Commissioner (International)
Large Business & International Division
Internal Revenue Service
Washington, DC
Previous Changes Affecting International Enforcement at IRS

- October 2010 – All LMSB international resources were realigned into a new organization and “LB&I” was created.

- February 2012 – APA program, previously operated as a Chief Counsel function, merged with the Mutual Agreement program to form APMA.

- September 2012 – Transfer Pricing Practice (TPP) was formed with a staff of about 60 focused on transfer pricing cases in the field.

  - APMA and the TPP are united under the Director, Transfer Pricing Operations (TPO)
Recent Changes Affecting International Enforcement at IRS

• Early 2013 – Foreign Payments Practice (FPP) was formed with a staff of about 70 focused on administration and enforcement of provisions of Chapter 3 (FDAP withholding), Chapter 4 (FATCA), Chapter 61 (1099 reporting), and section 3406 (backup withholding) pertaining to payments to NRAs and foreign entities

  • Ted Setzer takes FPP Director role

• September 2013 – New position, Director of International Strategy was formed

  • Diana Wollman takes Director role
FPP Field Practice

• Functions
  • FPP’s international examiners conduct audits of Forms 1042/1042-S filed by U.S. withholding agents
  • Experienced examiners devote significant time to training and mentoring less experienced examiners

• Staffing
  • Territory Manager: David Oyler (Chicago)
  • 6 withholding examination teams (CA, FL, IL, NJ, NY, TX) – approx. 55 employees
FPP Program Office

• Functions
  • Coordination of activities of Financial Intermediaries Program (responsible for FATCA and QI compliance)
  • Coordination of activities of Planning & Analysis Office (analysis of specialized withholding data to identify compliance trends and potential workload)

• Staffing
  • Senior Manager: Kimberly Schoenbacher (New York)
  • 2 teams (Financial Intermediaries Team and Planning & Analysis Office) – approx. 18 employees
Director of International Strategy

• The DIS position was created to drive LB&I’s developing strategic approach to international tax enforcement

• Under our strategic operating model, any employee can play a role in developing and executing our international strategy

• The DIS is tasked with:
  • developing and overseeing a knowledge management process by which all employees can share knowledge and strategic thinking
  • developing and overseeing a strategic planning process that prioritizes employee contributions to arrive at one cohesive strategy for deploying resources against international compliance risk
  • ensuring that technical training is available to support strategic assignments
  • evaluating the effectiveness of these efforts and making any necessary adjustments
International Strategy

Director, International Strategy
Diana L. Wollman
Washington, DC

Senior Advisor for Training Strategy
Margie Maxwell
Austin, TX

Senior Advisor for IPN Strategy
Roula Karavtis
New Haven, CT

Remainder of Strategic Team under Development
Foreign Payments Practice

Director, FPP
Ted Setzer
New York, NY

Manager, FPP Territory

Team Manager (CA)

Team Manager (IL)

Team Manager (NY)

Manager, FPP Program Office

Team Manager (FL)

Team Manager (NJ)

Team Manager (TX)

Team Manager, Financial Intermediaries

Team Manager, Foreign Pmts Planning & Analysis

Senior Advisor, Foreign Payments
International Data Management

Director, IDM
Bill Holmes
Washington, DC

EA Operations
Carolyn Morton
Greensboro, NC

Sr Mgr Data Operations
Barry Levine
Hartford, CT

EA Technical
Carolyn Gray
Washington, DC

Sr Mgr Data Services
Mary Maruska
Sarasota, FL
International Individual Compliance

Director, IIC
David Horton
Downers Grove, IL

Central Withholding Agreement
Judith McNamara
Downers Grove, IL

Offshore Compliance
Bryan Stiernagle
Brooklyn Center, MN

Nonresident Compliance Initiatives (PSP)
Jeanne Fisher
Greensboro, NC

Intl Practice Network
Roula Karavitis
New Haven, CT

Director of Field Operations
Pam Drenthe
Chicago, IL
Across all of International, our compliance strategies, collaborative networks, training programs, and data management efforts are based on a foundational framework called the International Matrix.
The International Matrix is the foundation for the Integrated International Program.
## Business Outbound Face

<table>
<thead>
<tr>
<th>Income Shifting</th>
<th>Deferral Planning</th>
<th>FTC Management</th>
<th>Repatriation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IP Transfers</strong></td>
<td><strong>Foreign Base Company Sales Issues</strong></td>
<td></td>
<td><strong>Creditability</strong></td>
</tr>
<tr>
<td><strong>High Value Services</strong></td>
<td><strong>Foreign Base Company Services Issues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Risk Allocation</strong></td>
<td><strong>Foreign Personal Holding Company Issues</strong></td>
<td></td>
<td><strong>Accessing FTCs</strong></td>
</tr>
<tr>
<td><strong>Core Transfer Pricing</strong></td>
<td><strong>Special Regimes</strong></td>
<td></td>
<td><strong>Accessing FSI</strong></td>
</tr>
<tr>
<td><strong>Gain Exportation / Loss Utilization</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Inversions</strong></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**STRATEGIC PRIORITIES**

- Treaties
- Foreign Currency
- Information Gathering
- Organizations/Restructuring
### Business Inbound Face

<table>
<thead>
<tr>
<th>Jurisdiction to Tax</th>
<th>Income Shifting</th>
<th>Inbound Financing</th>
<th>Repatriation/Withholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>FCCs</td>
<td>Transfer Pricing for FCCs</td>
<td>Loans through low-tax affiliates</td>
<td>FDAP Payments</td>
</tr>
<tr>
<td>US Branches / PEs</td>
<td>US Branch / PE Allocations</td>
<td>Hybrid Instruments</td>
<td>Branch Profits Tax</td>
</tr>
<tr>
<td>Agency Branches / PEs</td>
<td>Gain Exportation / Loss Utilization</td>
<td>Cashless Debt</td>
<td>Branch Level Interest Tax</td>
</tr>
<tr>
<td>Specialized Treatments</td>
<td>Other Strategies</td>
<td>Foreign Parent Guarantees</td>
<td>FIRPTA</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>ECI through Partnerships</td>
</tr>
</tbody>
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- **Treaties**
- **Foreign Currency**
- **Information Gathering**
- **Organizations/Restructuring**

**STRATEGIC PRIORITIES**
# Individual Outbound Face

<table>
<thead>
<tr>
<th>Jurisdiction to Tax</th>
<th>Foreign Tax Credits</th>
<th>Foreign Corporations</th>
<th>Pass-Thru Entities</th>
<th>Offshore Arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determination of Residency Status</td>
<td>Creditability</td>
<td>CFCs</td>
<td>Partnerships</td>
<td>Merchant Accounts</td>
</tr>
<tr>
<td>Taxation of Citizens and Residents</td>
<td></td>
<td></td>
<td></td>
<td>Insurance</td>
</tr>
<tr>
<td>Expatriation</td>
<td>FTC Calculation / Limitation</td>
<td>PFICs</td>
<td></td>
<td>Trusts</td>
</tr>
<tr>
<td>Possessions</td>
<td></td>
<td></td>
<td>Disregarded Entities</td>
<td>Brokerage Accounts</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Offshore Banking</td>
</tr>
<tr>
<td></td>
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<td>Hedge Funds</td>
</tr>
<tr>
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<tr>
<td></td>
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<td></td>
<td></td>
<td>Foreign Currency</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Information Gathering</td>
</tr>
</tbody>
</table>
### U.S. Business Activities

<table>
<thead>
<tr>
<th>STRATEGIC PRIORITIES</th>
<th>Withholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identification of a U.S. Trade or Business or Permanent Establishment (PE)</td>
<td>Payments of FDAP</td>
</tr>
<tr>
<td>Effectively Connected Income (ECI)</td>
<td>FIRPTA</td>
</tr>
<tr>
<td>Compensation from Employment</td>
<td>ECI through Partnerships and Trusts</td>
</tr>
<tr>
<td>Foreign Athletes and Entertainers</td>
<td></td>
</tr>
<tr>
<td>Treaties</td>
<td></td>
</tr>
<tr>
<td>Foreign Currency</td>
<td></td>
</tr>
<tr>
<td>Information Gathering</td>
<td></td>
</tr>
</tbody>
</table>
## International Practice Networks (IPNs)

<table>
<thead>
<tr>
<th>Business Outbound</th>
<th>Business Inbound</th>
<th>Individual Outbound</th>
<th>Individual Inbound</th>
<th>Crossover Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Shifting Outbound</td>
<td>Jurisdiction to Tax</td>
<td>Jurisdiction to Tax</td>
<td>U.S. Business Activities</td>
<td>Treaties</td>
</tr>
<tr>
<td>Deferral Planning</td>
<td>Income Shifting Inbound</td>
<td>Offshore Arrangements</td>
<td>Withholding</td>
<td>Foreign Currency</td>
</tr>
<tr>
<td>FTC Management</td>
<td>Inbound Financing</td>
<td>Foreign Tax Credits</td>
<td></td>
<td>Information Gathering</td>
</tr>
<tr>
<td>Repatriation</td>
<td>Repatriation / Withholding</td>
<td>Foreign Entities</td>
<td></td>
<td>Organizations / Restructuring</td>
</tr>
</tbody>
</table>
International Practice Networks

• The IPNs are employee communities seeking to network in broad areas of international compliance

• Organized around the segments of the International Matrix, IPNs are the engine for international strategy, training, and data management

• International employees are regarded as experts on international issues, and the IPNs provide the tools they need to broaden, enhance, and share their expertise

• The IPNs provide international employees the opportunity to both learn from and teach their colleagues
Each IPN is supported by a steering committee comprised of technical specialists, managers, and Division Counsel and ACCI attorneys.

The steering committee members manage the IPN and are dedicated to the collection, organization, and sharing of collective expertise.

The IPN steering committees are not authoritative bodies.

They do not issue guidance, advice, or determinations on issues associated with specific cases.

Rather, they facilitate collaboration and knowledge sharing among employees by managing the IPNs.
The International Practice Service

- The IPS will be a central repository for the collective knowledge and expertise of our International staff
  - Will consist of a library of practice units and other knowledge content organized around the International Matrix
- The IPS content will function in two ways:
  - as a job aid and
  - as components of a new international training program
Areas of Current Focus

• Offshore non-compliance
  • Enforcement efforts
  • OVDP
• FATCA implementation
• Exchange of information enhancements
• Mutual Agreement Program
  • New MAP Forum
  • APMA and new Rev. Proc.
• FTC creditability
• Transfer pricing compliance
• Withholding and information reporting compliance
• 1120F compliance
Areas of Current Focus

• Developing a comprehensive strategic planning process to address all critical international compliance risks
• Enhancing training programs
• Working better multilaterally
• Planning for the future