Introduction

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Agenda

- Re-cap on US tax rules prior to reform and overview of changes
- Details of new law and impact on US companies
- Details of new law and impact on US companies with foreign subsidiaries
- Update on tax accounting guidance
- Effective dates
- Considerations for Vietnam companies
Re-cap on US tax rules prior to reform and overview of changes
Principles of Tax Reform

Principles for Tax Reform (Tax Reform Unified Framework)

► Principle 1: Make the tax code simple, fair, and easy to understand
► Principle 2: Give American workers a raise
► Principle 3: Make America the jobs magnet of the world by leveling the playing field for American businesses and workers
► Principle 4: Bring back trillions of dollars that are currently kept offshore to reinvest in the American economy
## Corporate Changes From TCJA

<table>
<thead>
<tr>
<th>Pre-TCJA</th>
<th>Post-TCJA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Corporate Tax Rate:</strong> 35% or AMT</td>
<td>21%; No AMT, but with certain base broadening changes</td>
</tr>
<tr>
<td><strong>Depreciation:</strong> Bonus (50% in 2017 / 40% in 2018 / 30% in 2019) / accelerated depreciation</td>
<td>100% immediate expensing for qualified property (phases down 20%/year starting in 2023)</td>
</tr>
<tr>
<td><strong>Interest Deductions:</strong> Disqualified interest expense limited – 50% of tax EBITDA</td>
<td>All interest expense limited – 30% of tax EBITDA through 2021, then 30% of tax EBIT</td>
</tr>
<tr>
<td><strong>NOL:</strong> Allowed to fully offset taxable income (subject to AMT). Carried back two years, forward 20.</td>
<td>NOLs generated in 2018 or later are only allowed to offset 80% of taxable income. Unlimited carryforward.</td>
</tr>
<tr>
<td><strong>Dividends from Foreign Subs:</strong> Dividends from foreign subsidiaries fully subject to US tax, with a foreign tax credit</td>
<td>Dividends from qualifying subsidiaries allowed a 100% dividends received deduction. Not applicable for hybrid dividends. <strong>One-time mandatory transition tax</strong></td>
</tr>
<tr>
<td><strong>CFC:</strong> Detailed CFC rules requiring immediate income inclusion by US shareholders for passive and certain other income</td>
<td>Most existing CFC rules retained. New CFC rule for GILTI</td>
</tr>
<tr>
<td><strong>Limitations on related party payments:</strong> Rules requiring cash payment to be made to deduct certain related party payments.</td>
<td>Benefit of deductions for payments made to foreign related corporations may be limited (<strong>BEAT</strong>). Hybrid interest and royalty payments are no longer deductible</td>
</tr>
<tr>
<td><strong>Export Incentives:</strong> Limited</td>
<td>FDII taxed at a reduced 13.125% tax rate (increasing to 16.406% after 2025)</td>
</tr>
</tbody>
</table>
Details of new law and impact on companies
Details of TCJA

- **Reduction in corporate tax rate and base broadening**
- Depreciation
- Tax attributes: NOLs
- Interest deduction limitation
- Related party payments
  - BEAT
- Export incentives: FDII
- Dividends from foreign subsidiaries
  - Dividend received deduction
- Transition tax
- CFC rule – GILTI
- Summary
Reduction in corporate tax rate

Reduction in top corporate tax rate from 35% to 21%, effective on 1 January 2018

<table>
<thead>
<tr>
<th>Number of Days</th>
<th>Tax Rate</th>
<th>Proportional Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>275 days</td>
<td>35%</td>
<td>26.37%</td>
</tr>
<tr>
<td>90 days</td>
<td>21%</td>
<td>5.18%</td>
</tr>
<tr>
<td>365 days</td>
<td></td>
<td>31.55%</td>
</tr>
</tbody>
</table>

AMT Eliminated. AMT credits offset regular tax / refunded over four years.
Reduction in corporate tax rate

Accounting Implications

- Re-measure income tax liability accounts
  - Current tax payable/receivable (fiscal year end)
  - Deferred tax assets and liabilities
- Re-evaluate deferred tax recognition/realisation
- Allocate income tax adjustment
- Timing
- AMT Credit refunds
- Disclosures/controls

Considerations

- Fiscal year end companies
- Future ETR
- Cash tax impact
Details of TCJA

► Reduction in corporate tax rate and base broadening

► Depreciation

► Tax attributes: NOLs

► Interest deduction limitation

► Related party payments
  ▶ BEAT

► Export incentives: FDII

► Dividends from foreign subsidiaries
  ▶ Dividend received deduction
  ▶ Transition tax

► CFC rule – GILTI

► Summary

30 January 2018

US tax reform update
Changes to depreciation deductions

**Legislative Proposal**

- Bonus depreciation increased from 50% to 100% for qualified property
- Qualified property generally is tangible property with a depreciable life of 20 years or less used in a US trade or business
  - Original use need not start with the US taxpayer
  - Certain computer software qualifies
  - Cannot be acquired from a related party
- Applies for property put into service between 28 September 2017 and before 2023
  - The 100% depreciation is phased down 20% per year after 2022

**Accounting Implications**

- Re-measure income tax liability accounts
  - Current tax payable/receivable
  - Deferred tax assets and liabilities

**Considerations**

- Review placed in service dates for property acquired in 2017
- State tax
- Cash tax impact
Details of TCJA

- Reduction in corporate tax rate and base broadening
- Depreciation
- **Tax attributes: NOLs**
- Interest deduction limitation
- Related party payments
  - BEAT
- Export incentives: FDII
- Dividends from foreign subsidiaries
  - Dividend received deduction
  - Transition tax
- CFC rule – GILTI
- Summary
Changes to tax attributes

Legislative Proposal

- NOLs generated in years ending after 31 December 2017
  - Future utilisation capped at 80% of taxable income
  - Indefinite carryforward
  - No carryback
- Limitations on use of foreign tax credit carryovers

Accounting Implications

- Re-evaluate deferred tax realisation/recognition
- Allocate income tax adjustment
- Timing
  - Existing temporary differences
  - Future originating attributes
- Disclosures/controls

Considerations

- Scheduling reversal patterns of temporary differences
- Attributes used as part of transition tax
- State tax
- Cash tax impact
Details of TCJA

- Reduction in corporate tax rate and base broadening
- Depreciation
- Tax attributes: NOLs
- **Interest deduction limitation**
- Related party payments
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- Export incentives: FDII
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- Summary
# Interest expense limitation – section 163(j)

| **Limitation on net business interest expense** | 30% of adjusted taxable income, with exceptions for companies with gross receipts not exceeding $25 million |
| **Definition of adjusted taxable income** | Taxable income computed without regard to business interest income or expense, the deduction for certain pass-through income, net operating losses, deduction allowable for depreciation, amortisation, or depletion (EBITDA) for taxable years beginning after 31 December 2017 and before 1 January 2022 |
| | For taxable years thereafter, computed with regard to depreciation, amortisation, or depletion (EBIT) |
| **Carryforward of disallowed interest** | Indefinite carryforward of disallowed interest deductions |
| **Treatment of consolidated group** | Generally applies separately to each domestic corporation, although unclear with respect to consolidated groups |
| **Effective date** | Taxable years beginning after 31 December 2017 |
Details of TCJA

► Reduction in corporate tax rate and base broadening
► Depreciation
► Tax attributes: NOLs
► Interest deduction limitation
► **Related party payments**
  ► BEAT
► Export incentive: FDII
► Dividends from foreign subsidiaries
  ► Dividend received deduction
  ► Transition tax
► CFC rule – GILTI
► Summary
| Applicability | Imposed on a corporation subject to net US federal income taxation that has:  
| | ▶ Average annual gross receipts of at least $500mm for three-year period ending with the preceding taxable year, and  
| | ▶ Related party deductible payments totalling at least 3% of total deductions |
| Tax rate | Minimum taxable income is subject to a 5% tax rate for taxable years beginning after 31 December 2017, then 10% thereafter (increasing to 12.5% after 2025)  
| | US company must pay the higher of its regular US federal income tax liability or the new minimum tax. Note that for the purposes of calculating the comparison between the two rates, certain modifications are made to the regular tax (e.g., with respect to certain credits) |
| Base erosion payments | Amount paid or accrued to a non-US related party with respect to which a deduction is allowable, including amount paid or accrued for depreciable or amortisable property  
| | **Includes:** interest, rents, royalties, services  
| | **Excludes:** cost of goods sold, services without markup, payments subject to full withholding tax, certain derivatives payments |
| Effective date | Amounts paid or accrued in taxable years beginning after 31 December 2017 |
## BEAT example

**BEAT example**

<table>
<thead>
<tr>
<th>Sales income</th>
<th>120</th>
<th>120</th>
<th>120</th>
</tr>
</thead>
<tbody>
<tr>
<td>COGS</td>
<td>(40)</td>
<td>(40)</td>
<td>(40)</td>
</tr>
<tr>
<td>Selling, general &amp; administrative (SG&amp;A)</td>
<td>(10)</td>
<td>(10)</td>
<td>(10)</td>
</tr>
<tr>
<td>Subtotal before base eroding payments</td>
<td>70</td>
<td>70</td>
<td>70</td>
</tr>
<tr>
<td>Related party royalty</td>
<td>(60)</td>
<td>(60)</td>
<td>(60)</td>
</tr>
<tr>
<td>Taxable Income before NOLs</td>
<td>10</td>
<td>10</td>
<td>70</td>
</tr>
<tr>
<td>NOL utilisation</td>
<td>(0)</td>
<td>(0)</td>
<td>(0)</td>
</tr>
<tr>
<td>Modified Taxable Income</td>
<td>10</td>
<td>10</td>
<td>70</td>
</tr>
<tr>
<td>Ordinary US tax @ 21%</td>
<td>2.1</td>
<td>2.1</td>
<td></td>
</tr>
<tr>
<td>BEAT @ 10%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-R&amp;D Business Credits FTCs</td>
<td>(0)</td>
<td>(0)</td>
<td></td>
</tr>
<tr>
<td>R&amp;D Credits</td>
<td>(1)</td>
<td>(1)</td>
<td></td>
</tr>
<tr>
<td>Tax Liability - Subtotal</td>
<td>0.6</td>
<td>1.1</td>
<td>7</td>
</tr>
<tr>
<td>BEMT (excess of BEAT over Regular)</td>
<td>5.9</td>
<td>5.9</td>
<td></td>
</tr>
<tr>
<td>Final US Tax</td>
<td>6.5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Details of TCJA

- Reduction in corporate tax rate and base broadening
- Depreciation
- Tax attributes: NOLs
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- Related party payments
  - BEAT
- Export incentive: FDII
- Dividends from foreign subsidiaries
  - Dividend received deduction
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- CFC rule – GILTI
- Summary

US tax reform update

30 January 2018
## Export incentives: FDII

<table>
<thead>
<tr>
<th>Calculation</th>
<th>FDII = amounts received from non-US persons (FDDEI) less a deemed routine return (10% of US corporation’s QBAI)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Once FDII is determined, the 13.125% effective tax rate on FDII is achieved via a deduction</td>
</tr>
<tr>
<td></td>
<td>Note that the further adjustments would be required if the US person earns other non-FDII income</td>
</tr>
<tr>
<td>FDDEI</td>
<td>Generally includes amounts received from non-US persons (related and unrelated) for:</td>
</tr>
<tr>
<td></td>
<td>► Property that is sold, leased or licensed for use outside of the US</td>
</tr>
<tr>
<td></td>
<td>► Services provided to persons outside of the US</td>
</tr>
<tr>
<td>Effective date</td>
<td>Taxable years beginning after 31 December 2017</td>
</tr>
</tbody>
</table>
Export incentives: FDII example

FDII calculation

- Foreign derived deduction eligible income: $120
- Deduction eligible income: $180
- Foreign to total deduction eligible income ratio: 67%
- Domestic qualified business assets: $200
- Routine return %: 10%
- Deemed tangible income return: $20
- Deduction eligible income: $180
- Deemed tangible income return: $20
- Deemed intangible income: $160
- Foreign to total deduction eligible income ratio: 67%
- FDII: $107

US tax calculation

- FDII: $107
- Allowed deduction (37.5% of FDII): $40
- US taxable income: $67
- US tax rate: 21%
- US tax: $14
Details of TCJA

- Reduction in corporate tax rate and base broadening
- Depreciation
- Tax attributes: NOLs
- Interest deduction limitation
- Related party payments
  - BEAT
- Export incentive: FDII
- **Dividends from foreign subsidiaries**
  - Dividend received deduction
  - Transition tax
- CFC rule – GILTI
- Summary
<table>
<thead>
<tr>
<th><strong>Deduction</strong></th>
<th>US corporations allowed a 100% deduction for non-US source dividends received from 10% owned non-US corporations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Does not apply to branches</td>
</tr>
<tr>
<td><strong>Holding period</strong></td>
<td>More than one year in the shares of the non-US corporation</td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td>On the sale of non-US shares, the 100% dividend received deduction applies to the extent that gain recognised is recharacterised as a dividend, but not to the extent the gain is treated as a capital gain for US federal income tax purposes</td>
</tr>
<tr>
<td></td>
<td>Similar rules for sales of lower-tier CFCs</td>
</tr>
<tr>
<td><strong>Exception for hybrid dividends</strong></td>
<td>The 100% dividend received deduction is not available for “hybrid dividends” where the payor is entitled to a deduction on the payment</td>
</tr>
<tr>
<td></td>
<td>Hybrid dividends paid by lower-tier CFCs to any other CFC are also included in the income of the US shareholder as a CFC inclusion (i.e., Subpart F)</td>
</tr>
<tr>
<td><strong>FTCs</strong></td>
<td>No FTC is permitted for foreign taxes paid/accrued with respect to a dividend qualifying for the 100% dividend received deduction</td>
</tr>
<tr>
<td><strong>Effective date</strong></td>
<td>Generally applicable to taxable years beginning after 31 December 2017</td>
</tr>
</tbody>
</table>
# Transition tax

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Applicability</strong></td>
<td>Any CFC or any foreign corporation in which a US domestic corporation owns at least 10% of the foreign corporation’s stock</td>
</tr>
<tr>
<td><strong>Accumulated post-1986 deferred foreign income</strong></td>
<td>Post-1986 accumulated earnings and profits (E&amp;P) excluding effectively connected and previously-taxed E&amp;P</td>
</tr>
<tr>
<td></td>
<td>E&amp;P deficits available to reduce the mandatory inclusion</td>
</tr>
<tr>
<td><strong>Measurement date</strong></td>
<td>Greater of amount determined on 2 November 2017 or 31 December 2017, though regulatory authority granted to address</td>
</tr>
<tr>
<td><strong>Timing of inclusion</strong></td>
<td>The last year of the foreign corporation beginning before 1 January 2018, by increasing its subpart F income for last year</td>
</tr>
<tr>
<td><strong>Tax rate</strong></td>
<td>15.5% for cash and cash equivalents and 8% for the balance</td>
</tr>
<tr>
<td><strong>FTCs</strong></td>
<td>FTC carryforwards generally available to offset transition tax</td>
</tr>
<tr>
<td></td>
<td>FTCs triggered by mandatory inclusion are permitted but reduced in proportion to the deduction allowed against the mandatory inclusion</td>
</tr>
</tbody>
</table>
Transition tax example

US parent (US)

Foreign sub

100% ownership

Year-end Dec 31
E&P Nov 2 = $200
E&P Dec 31 = $180
Foreign tax pool = $0

Cash and cash equivalents

Other assets

US tax calculation

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov 2 E&amp;P</td>
<td>200</td>
</tr>
<tr>
<td>Dec 31 E&amp;P</td>
<td>180</td>
</tr>
<tr>
<td><strong>Greater of above</strong></td>
<td>200</td>
</tr>
<tr>
<td>Cash &amp; equivalent assets</td>
<td>150</td>
</tr>
<tr>
<td>Tax rate</td>
<td>15.50%</td>
</tr>
<tr>
<td><strong>Tax due</strong></td>
<td>23.25</td>
</tr>
<tr>
<td>Non-cash assets</td>
<td>50</td>
</tr>
<tr>
<td>Tax rate</td>
<td>8.00%</td>
</tr>
<tr>
<td><strong>Tax due</strong></td>
<td>4</td>
</tr>
<tr>
<td><strong>Total tax due</strong></td>
<td>27.25</td>
</tr>
</tbody>
</table>
Details of TCJA

► Reduction in corporate tax rate and base broadening
► Depreciation
► Tax attributes: NOLs
► Interest deduction limitation
► Related party payments
  ► BEAT
► Export incentive: FDII
► Dividends from foreign subsidiaries
  ► Dividend received deduction
  ► Transition tax
► CFC rule – GILTI
► Summary
| **Calculation** | The excess, if any, of a US S/H’s:  
| | ► Net CFC tested income, over  
| | ► Its net deemed tangible income return (10% of QBAI)  
| **QBAI** | Aggregate of the quarterly average of the CFCs’ adjusted bases in tangible property used by the CFC in a trade or business  
| **Excluded income** | ECI  
| | Subpart F income  
| | Certain high tax income  
| | Related-party dividends  
| **FTC** | Generally 80% of foreign taxes paid are creditable; but subject to expense allocations and FTC limits  
| **Effective date** | Generally applicable to taxable years beginning after 31 December 2017 |
**GILTI example**

**US parent (US)**

- **Tangible depreciable assets**
  - US tax basis: 200

- **Intangible and other property**
  - US tax basis: 500

**CFC (Non-US)**

- Net income: 120
- Foreign taxes: 0*

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**GILTI calculation**

- QBAI: 200
- Routine return %**: 10%
- Net deemed tangible income return: 20
- Net CFC tested income: 120
- Net deemed tangible income return: -20
- GILTI: 100

**US tax calculation**

- GILTI: 100
- Allowed deduction (50% of GILTI): -50
- US taxable income: 50
- US tax rate: 21%
- US tax: 10.5

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*Note that while this example assumes no foreign taxes paid, generally 80% (subject to limitation) of such FTCs may be available to offset US tax on GILTI.

**Note that routine return is QBAI times 10%, less interest expense in excess of interest income allocable to the interest expense.
Details of TCJA

- Reduction in corporate tax rate and base broadening
- Depreciation
- Tax attributes: NOLs
- Interest deduction limitation
- Related party payments
  - BEAT
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- CFC rule – GILTI

Summary
Summary

APAC parent

US sub (US)

US operating income

21% tax rate

CFC (Non-US)

US FDII*

13.125% tax rate
(16.406% after 2025)

Non-US affiliate

US tax reform update

0% - 21% tax deduction
Base erosion payment BEAT***

0% - 21% tax deduction
Base erosion payment BEAT***

0% - 21% tax deduction
Base erosion payment BEAT***

Non-Subpart F income

0% tax rate

Subpart F income

21% tax rate

GILTI**

*Foreign derived intangible income (FDII)

**Global intangible low-taxed income (GILTI)

***While the BEAT rates range from 5 – 12.5% depending on year, actual marginal rate may vary from 0% - 21% depending on tax profile

Note that all rates are presented without regard to relevant FTCs (if any)
Update on tax accounting guidance
Provides guidance for SEC registrant companies that have not completed accounting for income tax effects of the TCJA in the period of enactment, which is the period that includes 22 December 2017.

Allows companies to recognise provisional amounts to the extent that they are a reasonable estimate, adjust them over time as more information becomes available, and disclose this information in its financial statements.

Measurement period

The measurement period begins in the reporting period that includes the Act’s enactment date and ends when a company has obtained, prepared and analysed the information needed to complete the accounting requirements under ASC 740. The measurement period should not extend beyond one year from the enactment date (i.e., the measurement period must be completed by 22 December 2018). During the measurement period, the staff said it expects companies to act in good faith to complete the accounting under ASC 740.

Staff Accounting Bulletin (SAB) 118 provides guidance on the tax accounting for US Issuers; guidance on the treatment for IFRS Issuers is still outstanding but expected to conform with SAB 118.
The Financial Accounting Standards Board (FASB) issued preliminary recommendations on five implementation issues related to the TCJA during its 10 January 2018 meeting that will be further discussed during an Emerging Issues Task Force (EITF) meeting on 18 January.

The recommendations include:

- Private companies and not-for-profit entities should be allowed, but not required, to apply SAB 118.
- Companies should not discount the one-time transition tax liability.
- Companies should not apply discounting to receivables recorded for alternative minimum tax (AMT) tax credit carryforwards.
- Companies should not be required to account for the BEAT in computing deferred taxes but rather should account for any BEAT liability in the period incurred. Required disclosures in regard to the BEAT are still to be considered.
- Companies may make an accounting policy election to either compute deferred taxes for GILTI in the period the entity becomes subject to GILTI; or, establish deferred taxes (similar to the guidance that currently exists with respect to basis differences that will reverse under Subpart F rules) for basis difference that upon reversal will be subject to GILTI. Companies would need to disclose the accounting policy adopted.
Effective dates
Timeline of effective dates

- **US parent (31/12 tax year)**
  - 09/11/17
  - 31/12/17
  - 30/11/18
  - 31/12/18

- **21% corporate tax rate**
  - 31/12/17
  - 31/12/18

- **Interest expense limitation, BEAT, FDII**
  - 31/12/17
  - 31/12/18
  - 30/11/18
  - 31/12/18

- **GILTI**
  - 02/11/17
  - 31/12/17
  - 30/11/18
  - 31/12/18

- **Transition tax**
  - 02/11/17
  - 31/12/17
  - 30/11/18
  - 31/12/18

- **Inclusion**
  - 02/11/17
  - 31/12/17
  - 30/11/18
  - 31/12/18

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30 January 2018
US tax reform update
## Effective dates

<table>
<thead>
<tr>
<th>Tax law changes</th>
<th>Effective dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate rate reduction to 21%</td>
<td>1 January 2018</td>
</tr>
<tr>
<td>100% expensing of qualified property</td>
<td>Property acquired after 17 September 2017 through 1 January 2023 (phase down after that)</td>
</tr>
<tr>
<td>Interest expense limitation</td>
<td>Taxable years beginning after 31 December 2017</td>
</tr>
<tr>
<td>Dividends from foreign subsidiaries.</td>
<td>Distributions made after 31 December 2017</td>
</tr>
<tr>
<td>Transition Tax</td>
<td>Last tax year of specified foreign corporation that begins before 1 January 2018</td>
</tr>
<tr>
<td>GILTI</td>
<td>Tax years of foreign corporations beginning after 31 December 2017</td>
</tr>
<tr>
<td>BEAT</td>
<td>Tax years beginning after 31 December 2017</td>
</tr>
<tr>
<td>Anti-hybrid rules</td>
<td>Tax years beginning after 31 December 2017</td>
</tr>
<tr>
<td>Net operating losses</td>
<td>Losses arising in tax years beginning after 31 December 2017</td>
</tr>
<tr>
<td>Export Incentive: FDII</td>
<td>Tax years beginning after 31 December 2017</td>
</tr>
</tbody>
</table>
Considerations for Vietnam companies
Considerations for Vietnam companies

► Tax provision position and tax reporting / disclosures required
► Cash repatriation strategy and structure
► Operating model
  ► Plan and mitigate GILTI and BEAT payments, where possible
  ► Assess IP ownership
  ► Should future expansion strategies involve US to take advantage of FDII?
  ► Assess effectiveness of incentive
► Financing structure
► Transfer pricing policy
  ► Assess impact on existing APAs
  ► Expect and manage controversy
► US domestic withholding tax rate on dividends, interest and royalties remain at 30%
### Abbreviations used

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMT</td>
<td>Alternative minimum tax</td>
</tr>
<tr>
<td>APA</td>
<td>Advance pricing agreement</td>
</tr>
<tr>
<td>ASC</td>
<td>Accounting standards codification</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
</tr>
<tr>
<td>BEAT</td>
<td>Base erosion anti-abuse tax</td>
</tr>
<tr>
<td>BOY</td>
<td>Beginning of year</td>
</tr>
<tr>
<td>CFC</td>
<td>Controlled foreign corporation</td>
</tr>
<tr>
<td>DTA</td>
<td>Agreement for avoidance of double taxation</td>
</tr>
<tr>
<td>EBIT</td>
<td>Earnings before interest and tax</td>
</tr>
<tr>
<td>EBITDA</td>
<td>Earnings before interest, tax, depreciation and amortisation</td>
</tr>
<tr>
<td>ECI</td>
<td>Effectively connected income</td>
</tr>
<tr>
<td>EOY</td>
<td>End of year</td>
</tr>
<tr>
<td>ETR</td>
<td>Effective tax rate</td>
</tr>
<tr>
<td>E&amp;P</td>
<td>Earnings and profits</td>
</tr>
<tr>
<td>FASB</td>
<td>Financial accounting standards board</td>
</tr>
<tr>
<td>FDDEI</td>
<td>Foreign derived deduction eligible income</td>
</tr>
</tbody>
</table>
# Abbreviations used

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Definition</th>
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<tbody>
<tr>
<td>FDI</td>
<td>Foreign derived intangible income</td>
</tr>
<tr>
<td>FMV</td>
<td>Fair market value</td>
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<tr>
<td>FTC</td>
<td>Foreign tax credit</td>
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<tr>
<td>GILTI</td>
<td>Global intangible low taxed income</td>
</tr>
<tr>
<td>MNC</td>
<td>Multinational corporation</td>
</tr>
<tr>
<td>NOLs</td>
<td>Net operating losses</td>
</tr>
<tr>
<td>QBAI</td>
<td>Qualified business asset investment</td>
</tr>
<tr>
<td>RM</td>
<td>Raw materials</td>
</tr>
<tr>
<td>ROW</td>
<td>Rest of world</td>
</tr>
<tr>
<td>SAB</td>
<td>Staff accounting bulletin</td>
</tr>
<tr>
<td>SEC</td>
<td>US Securities and Exchange Commission</td>
</tr>
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<td>SFC</td>
<td>Specified foreign corporation</td>
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<td>S/H</td>
<td>Shareholder</td>
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<td>Sub</td>
<td>Subsidiary</td>
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<tr>
<td>TCJA</td>
<td>Tax Cuts and Jobs Act</td>
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</table>
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