What’s Keeping Tax Directors Up at Night? Key Issues and Concerns

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Panelists
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Panelists: Madeleine Barber, CBRE Group, Inc.
Angela Bekker, American International Group Inc.
Gary Gaugler, Victaulic Company
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INTRODUCTION

• Share the panel with an esteemed group of four Tax Executives at major corporations

• Panel will address selected key issues of concern and focus to Tax Executives and In-house Tax Departments

• Clearly interesting times and times of great uncertainty given changes around the world and at home

• Fortunate that the four Tax Executives represent various industries and business and structural models – we should benefit from their various perspectives
AGENDA OF TOPICS

- Resources, Budget Management and Succession Planning
- Use of Outside Advisors
- Transfer Pricing Issues in Planning, Compliance, and Dispute Resolution
- Handling IRS Audits
- Handling Foreign Tax Audits
- BEPS – Impact on Planning and Compliance
- High Level Thoughts on TCJA Changes and Guidance
- Interaction with Senior Management and Audit Committee
RESOURCES, BUDGET MANAGEMENT, AND SUCCESSION PLANNING

• Finding the right people for the Tax Department and keeping them
• Rewarding excellence for the Tax Department
• Role of Tax Department in the Company
• Asserting and defending budget needs and demands – allocation of scarce resources
• Use of outside tax advisors
• What would you spend money on if the Tax Department’s budget suddenly were increased by, say, 50%?
• Planning for the future – succession planning (easier said than done)
USE OF OUTSIDE ADVISORS

• Decision to go outside rather than use Tax Department resources
• How is selection made? Person or firm? Big 4 or law firm? Privilege issues? Use of auditor for tax work? Effective pitch?
• What do you want and not want from outside advisors?
• Should outside advisors be the ones losing sleep and letting you get some sleep?
• Working with Tax Department if or when a mistake is made
TRANSFER PRICING ISSUES IN PLANNING, COMPLIANCE, AND DISPUTE RESOLUTION

• How do you handle transfer pricing? Inbound, Outbound, and Foreign-to-Foreign Issues
• Use of internal and external resources
• Dealing with this area in a time of increasing documentation and compliance demands
• Deciding whether and when to do transfer pricing studies. Role of Big 4 auditor?
• Use of APAs and other means of dispute resolution (audit settlement and litigation)
HANDLING IRS AUDITS

- Significant source of focus by In-house Tax Departments
- Minor audit issues versus substantive audit issues versus avoiding tax shelter issues
- Use of internal and external resources
- Dispute resolution alternatives and experience
- Back log of open years? IRS pushing to get resolutions through 2017 (pre-TCJA)?
- How is the IRS going to audit post-TCJA?
HANDLING FOREIGN TAX AUDITS

• Use of internal and external resources

• Role of IRS and competent authority

• Dispute resolution alternatives and experience
BEPS AND OTHER CONSIDERATIONS

• BEPS has had a huge impact since the OECD released its report
• Particular experience of each company dealing with BEPS?
• Country by Country Submissions – impact and effect?
• How has BEPS affected your planning, compliance and audits?
• Concerns and considerations regarding potential foreign law changes based on or inspired by the BEPS proposal?
  – Is there any silver lining?
• Other potential foreign tax law changes a concern?
• Impact of Brexit and ongoing EU developments
HIGH LEVEL TCJA REVIEW

- Almost two years since TCJA became law
- Many provisions of significant cross-border importance – transition tax, GILTI, BEAT, FDII, etc.
- Significant Treasury guidance issued over last two years
- Ongoing impact generally of TCJA and guidance on In-house Tax Departments
- Uncertainty remains on many key issues
- Future legislation and expiring provisions
INTERACTION WITH SENIOR MANAGEMENT AND AUDIT COMMITTEE

• This brings to focus concerns over internal resources and use of outside advisors in the context of aggressive audits, challenges under current law and dealing with uncertainty of legal changes

• How do you as Tax Executives at major companies deal with Senior Management?
  − Does tax have visibility with Senior Management? Too much? Too little?
  − What is the relationship of the Tax Department with other key departments – HR, Operations, Legal, etc.
  − What is the Tax Department reporting line?

• Does Senior Management see the Tax Department as an obstructive “Doctor No” group or as a real profit center? How to switch from first to second category?

• How do you deal with the Audit Committee and your outside Big 4 auditor?