

International Tax Series

6.5 CPD hours | Online

A case study approach to the international tax management of your clients across all phases of their business

This series is purpose built for practitioners requiring a working knowledge of the many issues and implications affecting their clients when seeking to expand their operations beyond Australia.

The series will begin with a Keynote presentation by Grant Wardell-Johnson, CTA. Grant will cover the topic of tax reform in Australia, with a particular focus on our international tax rules.

Taking a practical approach, this six-part series will explore and delve into the key topics for practitioners to be aware of including:

- Selling products overseas from Australia, without any local presence in overseas markets
- Organic and inorganic expansion into new markets
- Succession planning
- Exiting the business through a sale

Based on a dynamic case study, this series will demonstrate scenarios practitioners may find themselves in when assisting their clients, and will offer tips, tricks and strategies for navigating the complexities of Australia's international tax laws.

Who should attend?

This series should be on the calendar of anyone with a serious interest in international tax, particularly those involved in trade or finance that crosses international borders. The series is also intended for Tax Directors and Managers in multinational and large corporate groups, for tax advisers and structured finance professionals.

Presenters

Micaela Bernfield, ATI
Liz Cullinan
Brett Curtis, ATI
Lauren Gatto, ATI
Clint Harding, CTA
Scott Hes
Angie Hicks, CTA
Kai-Chen Lamb
Grant Wardell-Johnson, CTA
Carynne Howitt, CTA
Sylvester Urban

Arnold Bloch Leibler
EY
Grant Thornton
KPMG
Arnold Bloch Leibler
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KPMG
King & Wood Mallesons
KPMG
Lion
King & Wood Mallesons

Webinar schedule

Wednesday, 14 October

Session details

Time: 12.30pm–2.00pm AEDT

Location: Online

Webinar schedule

Friday, 16 October

Wednesday, 21 October

Wednesday, 28 October

Wednesday, 4 November

Wednesday, 11 November

Session details

Time: 12.30pm–1.30pm AEDT

Location: Online

CPD proficiency level:

Proficient/
advanced 

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Please note this is a paperless event, the materials will be emailed to you the day prior.

International Tax Series

Webinar Resources – Case study background



Masks 'R' Us (Masks) is a very successful and profitable Australian privately owned and operated business in the field of manufacturing, distributing and selling cutting edge personal protective equipment (PPE) for use in the health industry.

The business was founded by sisters Jane and Judy Doe and all assets are owned by Masks 'R' Us Pty Ltd (AusCo), which is owned 100% by the Doe Family Trust, a discretionary trust with Jane and Judy as trustees.

The key assets of AusCo's business are as follows:

- Manufacturing facilities located in Sydney, New South Wales
- Warehouse and distribution facilities located in all Australian capital cities
- Employees
- An R&D centre in Sydney, New South Wales, attached to the manufacturing facilities
- Various items of intellectual property (IP), including brand names, trademarks, know how, customer contracts and relationships

Historically, the business has focused purely on the Australian domestic market with some limited sales into the New Zealand market. However, due to heightened demand, strong relationships with existing clients with global operations and the high quality and innovation of their products, Masks are now looking to expand internationally.

Jane and Judy are keen to ensure that as the business expands overseas, the following key principles are followed:

- Quality is everything and no corners will be cut; nor will control be delegated or surrendered
- Reputation is crucial, given the field the business operates in and the interface with health organisations, governments, health departments etc
- From a risk perspective, they regard themselves as prudent but opportunistic within reason

For these reasons, their initial thoughts are to:

1. Establish some form of 'beach head' in known jurisdictions to aid expansion into new markets (e.g. the US for North America, Hong Kong for AsiaPac and the Netherlands for Europe).
2. Once target demand levels are met in each country within the target markets, establish a local entity that will either act as agent or as a distributor, employing local personnel to fulfil management, business development and operational roles as required.
3. Depending on demand and supply, ideally establish local manufacturing facilities in these jurisdictions. In time, it is anticipated that these facilities may develop their own IP, whether it be local versions of the existing Australian IP or successor versions.

In terms of potential corporate activity, Jane and Judy:

- Are open to acquisitions of similar businesses in their target jurisdictions to complement the growth strategy.
- Plan on exiting the business in 5 years by selling the entire Masks business to a multinational.
- Propose to reinvest all free cash flow generated in this period as an interest free source of funding (versus taking out as dividends) and to maximise the ultimate sale price.

Technical program

Date	Topic	Presenter
Wednesday, 14 October 12.30pm – 2.00pm AEDT	Keynote Address In this Keynote address, Grant will give an overview of the timeline and issues on Pillar 1 and Pillar 2. This will include discussion of the main themes, difficult issues and the likely scenarios going forward. He will also discuss the prospect of additional Digital Services Taxes and other potential international tax developments. Part 1: AusCo selling overseas but no local presence in overseas jurisdiction Building off its success in the Australian market, Masks has started to see demand for its products in overseas jurisdictions. Masks is now selling its products to customers in several countries in the Asia-Pacific region via a series of distributors operating as agents for Masks in the overseas jurisdictions. One of Jane and Judy's business contacts operates a bonded warehouse in Singapore and has agreed to let Masks use this facility for the purposes of warehousing products until sales are made. Some of the issues to be addressed in this session include: <ul style="list-style-type: none"> – Commercial due diligence on foreign market (e.g. local registrations; local bank accounts) – Understand agency arrangement and remuneration of agent (Treaty overlay) – Source under Australian domestic tax law – Treaty permanent establishment issues around warehousing/storage – Transfer pricing – location of functions, assets and risks – Indirect tax issues and customs duties (local jurisdiction) 	Grant Wardell-Johnson, CTA KPMG Carynne Howitt, CTA Lion
Friday, 16 October 12.30pm – 1.30pm AEDT	Part 2: Expansion into new markets In order to facilitate and increase sales in various foreign markets (Europe, Asia and North America) it is decided to have a local presence in the form of an office or use of local agents in those markets. In particular, Masks will establish a presence in the Netherlands, Hong Kong and the US. Some of the issues to be addressed in this session include: <ul style="list-style-type: none"> – Issues surrounding the nature and extent of presence – for example, representative office, sales and marketing office etc. and whether a permanent establishment is created – Application of the foreign branch profits exemption – section 23AH – Thin capitalisation and other funding issues, including interest deductibility in Australia for funds used in the branch – Foreign tax considerations – Impact of third-party agencies under both domestic tax law and relevant tax treaty – Indirect issues, VAT/GST, customs duties etc. 	Brett Curtis, ATI Grant Thornton

Wednesday, 21 October 12.30pm – 1.30pm AEDT	Part 3: US business expansion, localised development <p>As the Masks business continues to successfully expand into the US market, Jane and Judy make the decision to expand their presence in the US from the 'beach head' branch to a more permanent presence involving the establishment and operation of a local US entity (USCo).</p> <p>USCo will act as the US business operator, including acting as an agent or as a distributor for the Masks business in the US, employing local personnel to fulfil management, business development and operational roles as required.</p> <p>Depending on demand and supply, USCo will also ideally establish local manufacturing facilities in the US and develop iterations of the core IP of the business.</p> <p>Some of the issues to be addressed in this session include:</p> <ul style="list-style-type: none"> – What type of entity to establish – Treatment of the US entity for Australian tax purposes – Differences in tax outcomes of agency vs buy/sell – Secondment of employees and PE risks for Australian legal employers – Funding, including thin capitalisation, – Issues and implications of tax residency, both under domestic tax law and treaty – Transfer pricing US tax issues, including state and local as well as federal, concessions and exemptions, indirect tax issues etc 	Scott Hes EY Liz Cullinan EY
Wednesday, 28 October 12.30pm – 1.30pm AEDT	Part 4: Acquisition: AusCo acquires a foreign business <ul style="list-style-type: none"> – Choice of acquisition vehicle – Entity versus asset acquisition – Tax due diligence, warranties and indemnities etc – Funding of acquisition – equity from Australian parent (s 25-90) – Financing – transfer pricing, hybrid mismatch rules, foreign income tax offsets for interest withholding tax, forex/swaps etc – Thin capitalisation, DPT, CFC – Repatriation considerations <p><i>Note: Foreign laws will not be covered.</i></p>	Sylvester Urban King & Wood Mallesons Kai-Chen Lamb King & Wood Mallesons
Wednesday, 4 November 12.30pm – 1.30pm AEDT	Part 5: One of founders retires <ul style="list-style-type: none"> – How do they exit – redeem/cancel shares/buy back shares, amend trust deed etc – and how do they get their funds? – How does remaining founder fund the acquisition? – Impact of structure above the line (ie above AusCo), eg cash repatriation, access to CGT discounts, family trusts etc – Returns of capital vs dividends etc – Impact of change of ownership on tax attributes in group (ie tax losses), if any 	Clint Harding, CTA Arnold Bloch Leibler Micaela Bernfield, ATI Arnold Bloch Leibler
Wednesday, 11 November 12.30pm – 1.30pm AEDT	Part 6: Takeover: Sale to a multinational <p>Mask 'R' Us has received an approach to sell the entire business to a multinational enterprise Mega Corp. Jane and Judy now seek advice on the key tax considerations on exit.</p> <ul style="list-style-type: none"> – Sale of whole business vs foreign subsidiaries? Where is the value, IP etc. – Exit event – CGT discount if sold at AusCo level and consideration of flow through trust consequences. – If sell at US HoldCo level, potential for no Australian CGT (768-G), but unfranked earnings sitting in vendor AusCo. – Consider AusCo implications of retaining Australian business and IP vs selling Australian business. – Comparison of overall Australian individual tax outcomes under sale of AusCo or US HoldCo. – If ForeignCo acquires AusCo, how do conduit foreign income rules operate for repatriation of ongoing profits, plus Taxable Australian Property (and potential withholding tax considerations) on subsequent exit. 	Angie Hicks, CTA KPMG Lauren Gatto, ATI KPMG



Presenter profile

Led by tax practitioners for tax professionals

Micaela Bernfield, ATI, is a lawyer at Arnold Bloch Leibler. Micaela advises across a wide range of taxation matters with a particular focus on tax residency, corporate and international tax, taxation of trusts, GST and tax controversy matters. Micaela has managed all stages of the ATO tax dispute lifecycle, from audits and reviews to objections and appeals

Liz Cullinan is an International Tax partner with EY and has over 17 years' experience in assisting foreign investors with structuring their Australian investments and Australian corporates with domestic M&A and expanding offshore. Liz has extensive experience on large transactions for multinationals headquartered in the US, UK and Europe and Australian corporates with substantial investments into the US, UK, Europe and Asia. Liz has also been part of consultation with Treasury and the ATO on various Australian and international tax reforms.

Brett Curtis, ATI, has over 25 years' corporate tax experience having practiced in Australia, the UK and New Zealand. Brett has expertise across a broad range of corporate and international taxation matters with a specialisation in cross border tax issues, and leads the Grant Thornton Australia international tax practice. Brett advises a number of significant MNCs on all aspects of their operations and specialises in providing complex tax advice in areas such as mergers & acquisitions, taxation due diligence, cross border and tax treaty issues, tax structuring and planning, and tax loss utilisation.

Lauren Gatto, ATI, has over 8 years' experience with KPMG as a tax specialist to middle market businesses, including privately owned businesses, foreign-owned subsidiaries of listed and non-listed groups, significant global entities and high net-worth family groups. Lauren specialises in providing taxation advice across the taxation of trusts, Division 7A, tax consolidation, mergers, acquisitions and structuring, inbound investment and

outbound investment, ATO reviews and audits, tax compliance and tax effect accounting. Lauren supports her team in delivering practical and forward thinking advice to their clients.

Clint Harding, CTA, is a partner at Arnold Bloch Leibler and leads the Sydney taxation practice. Clint advises across most taxes, with particular expertise in corporate and international tax, the taxation of financial instruments and transactions, and the management of tax audits and disputes with the ATO. Clint is the author of numerous tax articles, a regular presenter, and is currently a working member of The Tax Institute's Large Business and International Committee. In 2018, Clint won The Tax Institute's Corporate Tax Adviser of the Year Award and is the National Chair of the Law Council of Australia's Taxation Committee.

Scott Hes is a director EY's International Tax Services practice. Scott is currently based in Sydney and is part of the US Tax Desk for the Asia-Pacific region. Prior to joining the US Tax Desk, Scott worked in Chicago, New York and Munich, advising on both third-party and internal transactions. Scott has experience providing broad-based tax planning advice to US and non-US based multinational corporations in a range of industries, and in planning and evaluating international tax strategies both in a US inbound and US outbound context. He also has experience serving private equity and corporate clients on domestic and cross-border M&A related transactions, including buy-side and sell-side due diligence, structuring and integration.



Presenter profile cont.

Angie Hicks, CTA, has over 20 years of experience in Big4 and mid-tier accounting firms, most recently with KPMG as a specialist tax partner. Angie's key focus area is corporate and international tax for listed and large private companies. Angie also works with small to medium businesses helping them to navigate complex tax issues and ATO negotiations. She specialises in providing complex tax advice in areas such as corporate structuring and planning, mergers & acquisitions, tax consolidations, financing arrangements, inbound and outbound expansion, ATO reviews and audits and general tax compliance. Angie works with her team and a broad range of diverse clients to provide direct, understandable and practical tax effective solutions in line with commercial objectives.

Carynne Howitt, CTA, is part of the tax team at Lion, principally responsible for managing the group's international tax advisory and compliance matters. Lion is one of Australasia's largest food and beverage companies. As the Lion group expands its craft beer footprint globally (particularly in the UK and US markets), Carynne also leads Lion's international M&A projects from a tax perspective. Prior to joining Lion, Carynne was a Director in the Global Tax team at PricewaterhouseCoopers, advising

multinational clients on all aspects of international tax (including for example, inbound and outbound structuring, anti-hybrids, diverted profits tax, the multinational anti-avoidance law, permanent establishment issues, and transfer pricing). Carynne is also a practising tax lawyer, having spent the majority of her early career practising tax law (focusing in the financial services sector) at Clayton Utz and Baker & McKenzie.

Kai-Chen Lamb is a partner in the Taxation team, based out of the Melbourne office, with approximately 15 years' experience advising on tax issues associated with the financial services and funds management industries. She specialises in Australian income tax with an emphasis on the tax treatment of managed funds, property, infrastructure, financing, mergers and acquisitions and cross-border investment. Kai-Chen has represented a number of significant Australian and foreign institutional investors on significant investments in Australia, including negotiating on behalf of such investors in their interactions regarding tax-related issues with regulatory authorities in Australia, including the Australian Taxation Office and FIRB.

Sylvester Urban is a Senior Associate in the tax group with over 9 years' experience. Sylvester has specialist expertise in income tax,

GST and stamp duty aspects of corporate and financial transactions, and is particularly sought after for his knowledge of international tax regimes. Sylvester also has experience in tax audits and tax litigation with tax authorities and advises on the taxation of not-for-profits. Sylvester is at the forefront of legal and industry developments and regularly advises clients on new and untested areas of tax law.

Grant Wardell-Johnson, CTA, is the Lead Tax Partner of the Economics and Tax Centre at KPMG. Grant has a background in providing tax advice relating to international and domestic tax structuring, international cross-border acquisitions and initial public offerings. Grant now leads the thought leadership on tax policy and consultation on new law, including KPMG's response to base erosion and profit shifting (BEPS) and the OECD Action Plan. He is Co-Chair of the National Tax Liaison Group, an Adviser to the Board of Taxation, a member of the KPMG Global BEPS Steering Group and the KPMG Responsible Tax Group. He is KPMG Global Partner Champion for Geopolitics & Tax. He is an Adjunct Professor in Taxation and Business Law at the UNSW and an Honorary Fellow of the University of Western Australia.



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International Tax Series Registration form

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