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Investment Options From US To Other APEC Countries; From Other APEC Countries To US

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US – Inbound And Outbound Investment

Rick Shapland, Baker Tilly Virchow Krause

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US – Inbound And Outbound Investment

Inbound into the US

- Business expansion objectives and anticipated US business activities
- Treaty network
- Obstacles to non-US ownership
- Potential and/or required legal entity types
- Statutory corporate income tax rates and other tax regimes
- Start-up and lead time required
- Minimum capitalization and typical costs of start-up
- Specific start-up issues

US – Inbound And Outbound Investment

Outbound from the US

- Business expansion objectives and anticipated off-shore business activities
- Applicable tax Treaties
- Limitations on foreign ownership
- Potential and/or required legal entity types
- Statutory corporate income tax rates and other tax regimes
- Start-up and lead time required
- Minimum capitalization and typical costs of start-up
- Specific start-up issues

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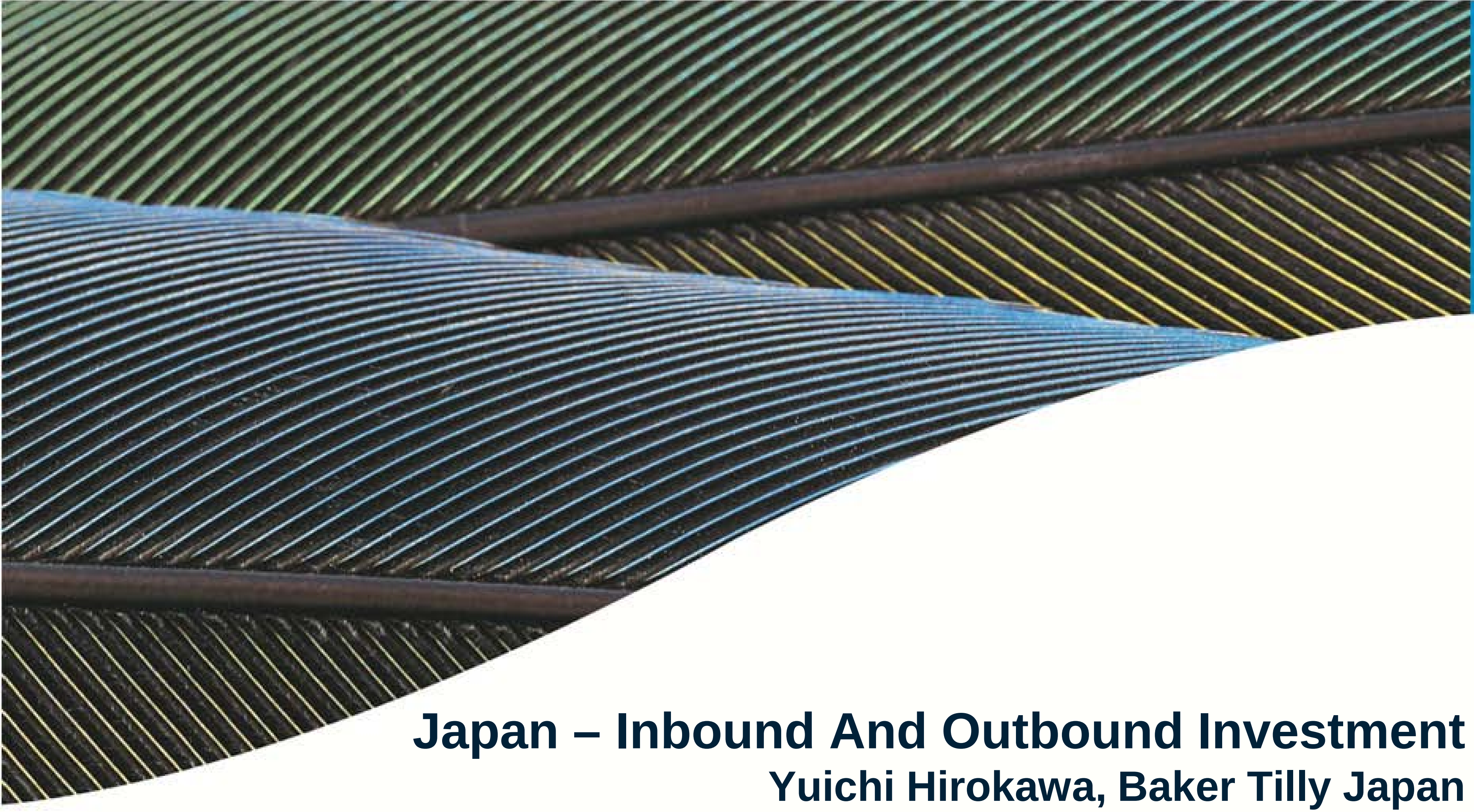

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Japan – Inbound And Outbound Investment

Yuichi Hirokawa, Baker Tilly Japan

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Japan – Inbound And Outbound Investment

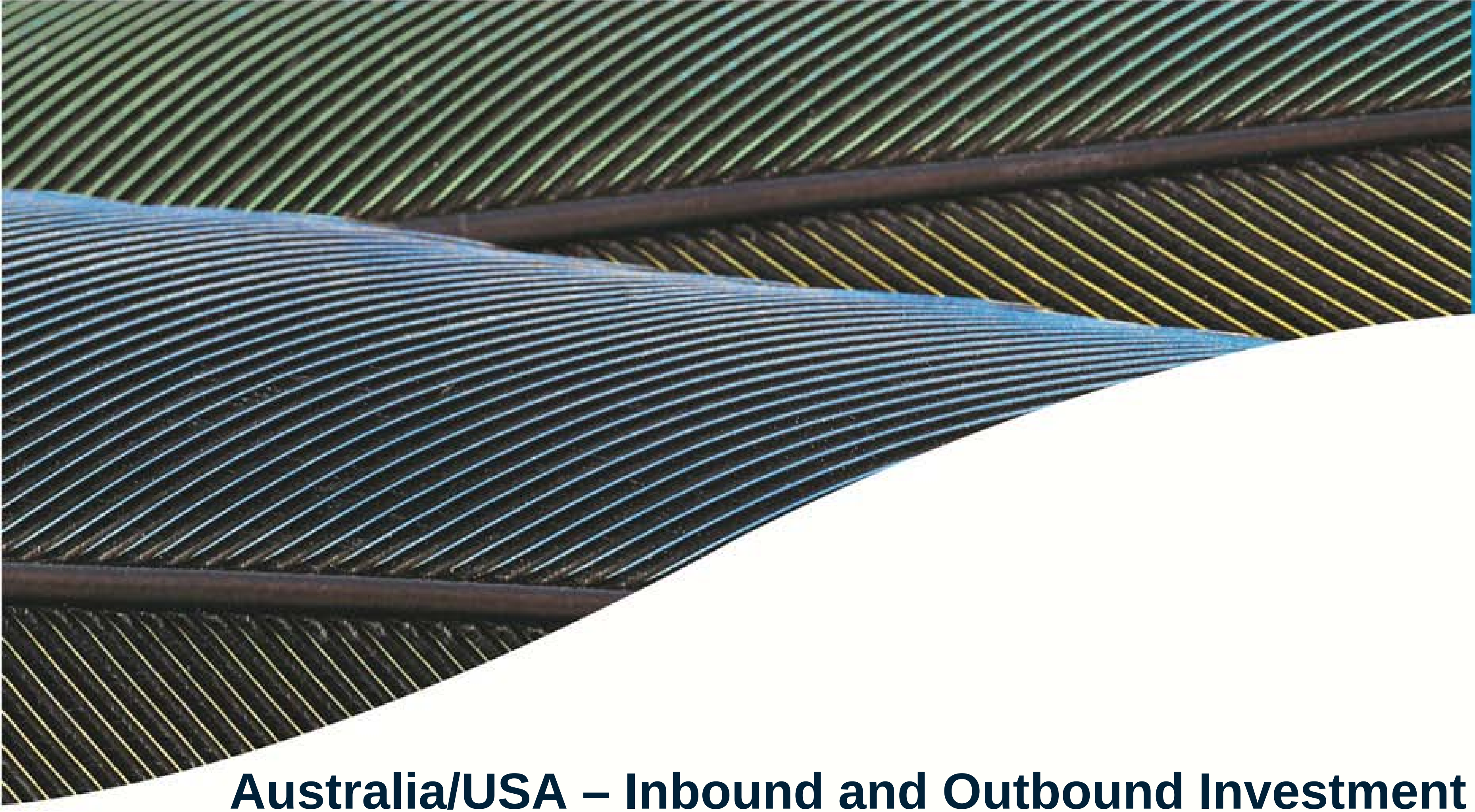
Inbound into Japan

- Anticipated business objectives and activities in Japan
- Consideration of Japan-US double tax treaty
- Choice of legal entity types
- Statutory corporate income tax rates and other tax regimes
- Structure of intercompany transactions
- Minimum capitalization and typical costs of start-up
- Start-up and lead time required
- Specific start-up issues

Japan – Inbound And Outbound Investment

Outbound from Japan

- Anticipated business objectives and activities in the US
- Consideration of Japan-US double tax treaty
- Choice of legal entity types
- Statutory corporate income tax rates and other tax regimes
- Consideration of Japanese CFC rules
- Minimum capitalization and typical costs of start-up
- Start-up and lead time required
- Specific start-up issues



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Australia/USA – Inbound and Outbound Investment

Theo Sakell, Baker Tilly Pitcher Partners

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Inbound Into Australia From USA

- Choice of entity and foreign tax credits
- Dividend withholding tax exemptions
- Capital Gains Tax exemptions
- Regional HQ tax Efficiencies
- Corporate tax rates to drop from 30% to 29% from 2013/14
- Good Treaty Network
- Funding aspects: thin capitalisation, transfer pricing & interest withholding tax
- Australian Companies (minimum of one Australian resident director)
- Indirect taxes – particularly Goods & Services Tax

Outbound From Australia Into USA

- LLCs & LLPs preferred for maximum foreign tax credits relief
- Trusts very common in Australia – significant complexity in USA (eg grantor trust rules)
- Estate tax planning
- Funding decision – Aust thin cap rules, US earnings stripping rules, IWHT etc.
- Foreign currency considerations
- State income tax compliance
- Exit strategy considerations

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Canada - Investing Inbound And Outbound

Enzo Testa, Collins Barrow

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Canada – Investing Inbound

Determine appropriate structure:

- Branch
- Partnership
- Corporation
- Non resident
- ULC

US inbound into Canada should not use LLC owning a ULC

THIN Cap rules restrict deductibility of interest on a 2:1 debt equity ratio

Can return capital before paying out accumulated earnings

Combined federal and provincial corporate tax rates approximately 28% – going to approximately 25% in 2013

Canada – Investing Inbound

One half of capital gains are taxed

Federal goods and services tax (GST) 5% (similar to VAT)

Most provinces harmonize provincial sales tax with federal – range from 5% - 15% depending on province

25% domestic withholding tax on interest, dividends, royalties, rent

Canada – Investing Inbound

No withholding tax on arm’s length interest paid to non-residents (also to non-arm’s length to US residents)

Extensive treaty network reduces rates to 0%, 5%, 10% and 15%

Non-residents only subject to tax on gains from disposition of “taxable Canadian property” – does not include shares of a Canadian private company unless the value is primarily attributable to Canadian real property

Canada – Investing Inbound

Toronto stock exchange 7th largest in the World by market cap

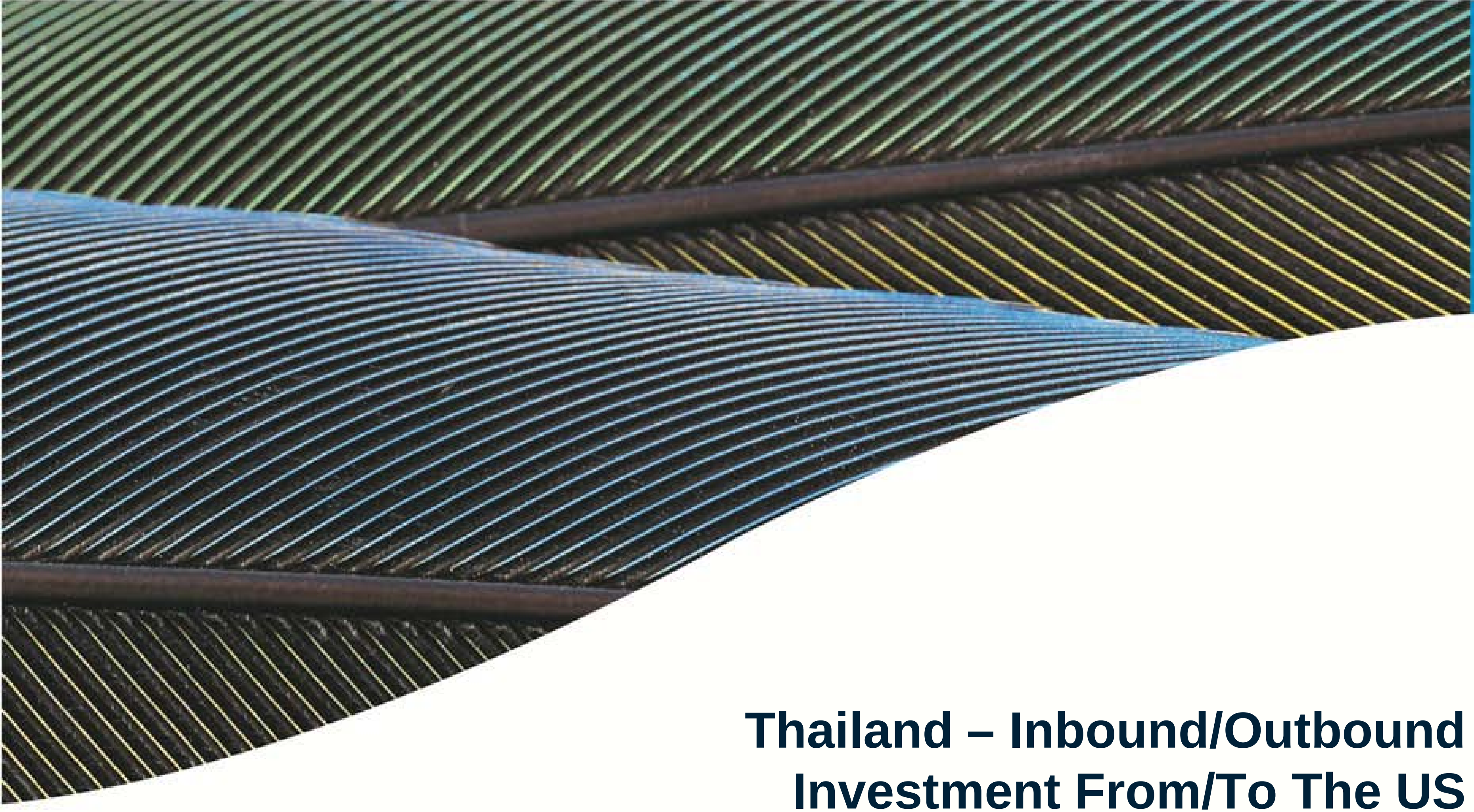
Heavy concentration of resource companies – #1 by number of companies

Very easy to list on venture exchange

Average equity raise $2.5m

Canada – Investing Outbound

- Determine tax effective structure for foreign business activities
- Treaty and Tax Information Exchange Agreements (TIEA) with foreign jurisdiction needs to be considered
- Taxation of passive versus active business income (passive income taxed in Canada when earned)
- Foreign jurisdiction domestic considerations



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Thailand – Inbound/Outbound Investment From/To The US

Suda Pathomthanasarn, Baker Tilly (Thailand) Limited

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Thailand – Inbound/Outbound Investment

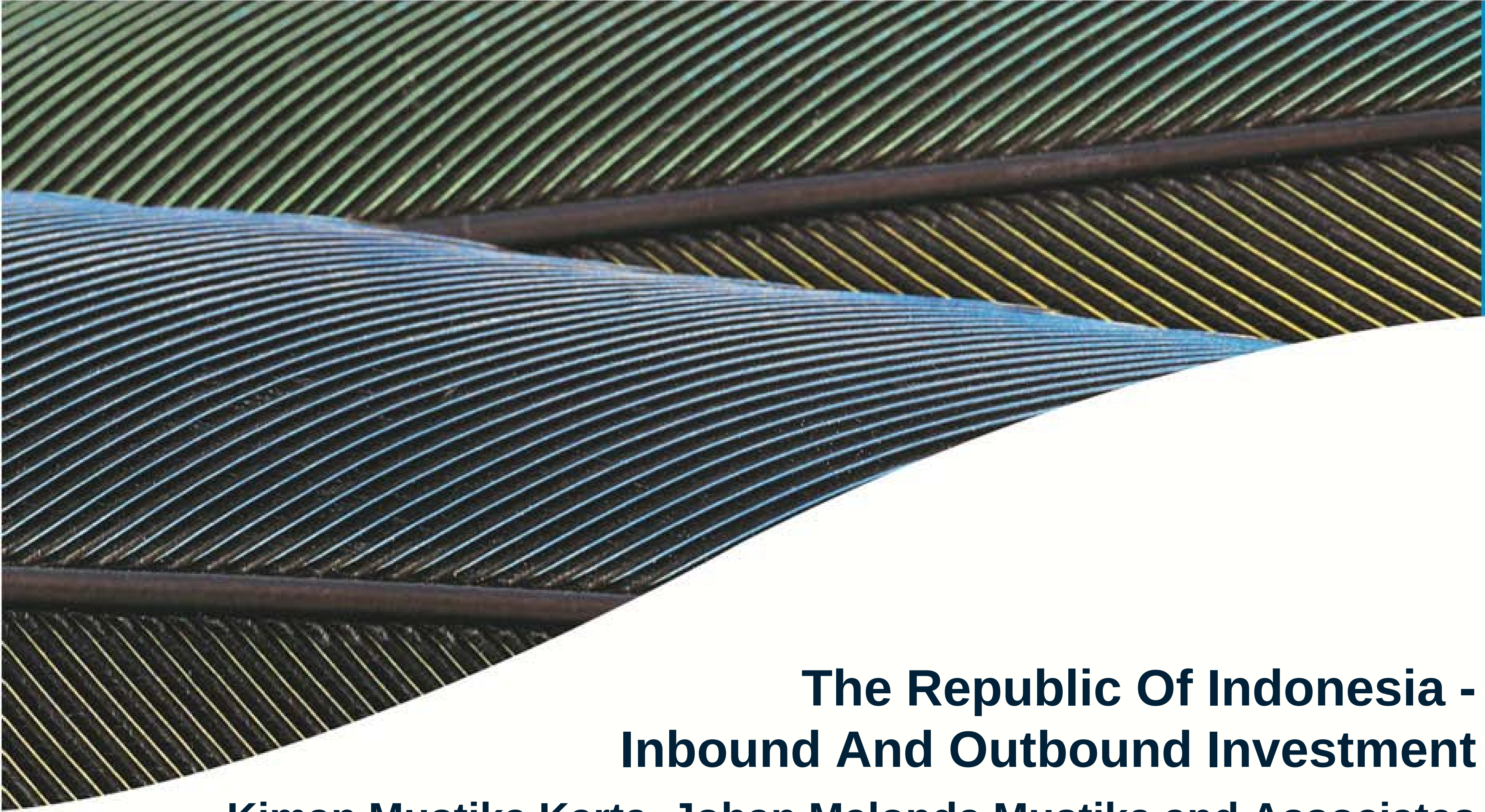
Thailand – Inbound investment from the US

- Treaty networks – DTA, treaty of amity
- Forms of doing business in Thailand - Thai limited company, branch, etc
- Statutory corporate income tax and other tax implication – operating income, distribution of profit, overseas remittance
- Investment promotion & tax privileges – tax exemption, tax reduction, tax loss carrying over
- Specific issues

Thailand – Inbound/Outbound Investment

Thailand – Outbound investment into the US

- Business expansion objectives
- Limitation on outbound investment
- Supports on outbound investment
- Forms of investment into the US
- Statutory corporate income tax and other tax implication
- Tax incentives
- Specific issues



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The Republic Of Indonesia - Inbound And Outbound Investment

Kiman Mustika Karta, Johan Malonda Mustika and Associates

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Investments In The Republic Of Indonesia

- Form of corporation and domicile
- Treatment to investment
- Manpower
- Business fields
- The rights, obligations and liabilities of investor
- Restrictions on foreign investments and investors
- Company legalisation and licensing
- Special economic zone
- Accounting and taxation
- Investment facilities

Investments From The Republic Of Indonesia To Other Countries

Restrictions on investments

Taxation

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US – Inbound And Outbound Investment

Steven Kwan, Baker Tilly Hong Kong

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US – Inbound And Outbound Investment

Inbound into the US from Hong Kong

- No CFC regulations
- No thin capitalization regulations
- No CGT on disposal of US subsidiary
- Dividend/Interest income not taxable
- Offshore profits not taxable

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US – Inbound And Outbound Investment

Outbound from the US into Hong Kong

- Dividends/Interest/Capital Gains not taxable
- No WHT on dividend/interest payments to US parent
- Corporate tax rate at 16.5%
- Stamp duty on disposal of HK subsidiary at 0.2% based on market value
- Offshore profits not taxable
- DTA with over 25 countries including China
- Gateway to China – CEPA
- No limitations on foreign ownership
- Shelf companies available
- No minimum capital requirements

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