

Tax Cuts and Jobs Act: How Should U.S. Individuals Restructure Foreign Corporation Ownership?

Paul Marcotte was a panelist for STEP Mid Atlantic on May 16, 2018.

The Tax Cuts and Jobs Act significantly revised the international tax provisions of the Internal Revenue Code. For U.S. corporations owning 10% or more participations in foreign corporations engaged in active businesses, deferral is effectively ended, and a foreign corporation's earnings are subject to worldwide taxation, based on a split rate system, or tax exemption. For U.S. individuals, a foreign corporation's active business profits are subject to worldwide taxation at ordinary income tax rates or U.S. tax deferral. Simply stated, prior law structures no longer work for individuals. The presentation summarized the new international tax regimes and proactive planning strategies. There was also an interactive discussion and Q&A.

Paul Marcotte is the Chair of the firm's Tax practice group and is a member of its Estate Planning, Estate Trust & Administration and Nonprofit groups.