FEATURE

This article is the fifth in a series of articles examining major changes from the **Tax Cuts and Jobs Act** of 2017 and looks to the provisions addressing the deductibility of business interest expense.

Sweeping Changes Ratchet Up the Complexity of International Taxation

By DON CARPENTER AND TIM THOMASSON

In this article, we look at the provisions addressing the taxation of a U.S. corporation's international operations, including earnings of foreign subsidiaries and payments made to foreign affiliates. Some of the most intricate and complicated areas of the Internal Revenue Code (I.R.C.) address the taxation of income earned by U.S. corporations and their subsidiaries outside the United States.

Prior to the 2017 act, the law was a patchwork of regulations enacted over an extended period of time intended to address both real and perceived abuses by U.S. taxpayers stemming from inconsistencies of multinational tax systems. It is no exaggeration to say that the international provisions of the new act are the most sweeping modifications to taxation of a U.S. corporation's international operations since the curtailment of deferral in the Kennedy administration.

Critical to the success of this new regime is the lower U.S. corporate tax rate of 21 percent. With the prior 35 percent corporate tax rate, U.S. multinationals had a material incentive to both (1) shift the sourcing of certain income abroad and (2) keep income earned abroad outside the reach of U.S. taxation. The chart in Figure 1 includes the corporate tax rates of our major trading partners that illustrates these two incentives.

Figure 1.
Corporate Tax Rates of Our Major Trading Partners

Country	Corporate Tax Rate
Canada	15%
China	25%
Germany	15%
Japan	32%
Mexico	30%
United Kingdom	19%

With the U.S. tax rate being reduced, even with incremental state taxation, the incentive to leave earnings in foreign subsidiaries has been greatly reduced. However, certain jurisdictions, such as Bermuda (0 percent), Ireland (12.5 percent) and Switzerland (8.5 percent) still offer attractive tax savings, particularly for mobile sources of income, such as interest, dividends and royalties. For this reason, the new law does not completely abandon the prior principles.

A Brief History

The international provisions of the I.R.C. have long held in balance a tension between encouraging U.S. corporations to return overseas earnings to the U.S. without incurring additional taxation and penalizing companies for foreign earnings upon which little or no tax has been incurred.

The foreign tax credit was introduced in 1918 as U.S. corporate tax rates were increased to pay for the war effort. The credit was designed to allow for repatriation of foreign earnings without incurring total taxation in excess of the U.S. income tax rate. Initially, the computation was quite straightforward, with taxpayers able to average taxes paid on high-taxed foreign income with lower-taxed foreign income and maximize the credit. The computation gradually became more granular with income of various types and sources being separated into distinct computations and expenses of U.S. headquarters operations being required to be allocated to this income.

The focus remained on repatriation until the Revenue Act of 1962 introduced Subpart F to the I.R.C. As international business expanded and tax planning became more sophisticated, Subpart F addressed the incentive of U.S. multinationals to earn and permanently retain profits in low-taxed jurisdictions. The focus of the provision was on particularly mobile sources of income, such as interest, dividends, royalties and transfer pricing of goods across international borders. The gradual reduction in corporate tax rates of our trading partners and utilization of tax havens made these provisions increasingly important. Subpart F was a notable exception to the principle that foreign earnings would not be taxed until returned to the U.S as a dividend. "Tainted" income under Subpart F required immediate taxation as a deemed dividend, albeit with all the benefits of the foreign tax credit.

A final impetus for wholesale revision of international taxation has been the more recent trend of U.S. multinationals to relocate overseas. The business press has been replete with examples, such as Burger King, Accenture, Weatherford and Tyco, which have re-incorporated abroad either unilaterally or as part of a merger to gain at least in part the benefits of lower corporate taxes. This trend increased concern that what once may have been an issue of timing (ultimately profits would be repatriated) was becoming an issue of permanent erosion of the U.S. tax base.

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The Big Picture

As of 2018, the prior worldwide taxation of U.S. multinationals and their controlled foreign corporations is replaced with a more territorial system, including a permanent exemption from U.S. taxation for dividends from foreign subsidiaries. Before delving deeper into the specific aspects of this new system, it might be helpful to look at the overall picture:

- U.S. corporations and individuals are still subject to taxation of worldwide income.
- Actual dividends received by U.S. corporations from foreign subsidiaries are included in gross income, but receive a 100 percent dividends received deduction (DRD) if from non-U.S. sourced income. The net result is the same as the participation exemption system that has been employed by countries like the Netherlands for many years.
- Although earnings for foreign subsidiaries are not taxed when distributed to a U.S. parent, the current taxation of "tainted" income as a deemed dividend under Subpart F or Section 956 investment in U.S. property remains intact with only minor modifications.
- A new provision requires current taxation of excessive global intangible low-taxed income (GILTI). The deemed inclusion of this income is similar to Subpart F, but the calculation differs considerably.
- To prevent erosion of the U.S. tax base, outbound payments to foreign related parties are subject to a new regime known as the base erosion anti-abuse tax (BEAT).
- Conversely, U.S. corporations receive a tax deduction for foreign derived intangible income (FDII).
- The foreign tax credit regime was not eliminated, but has been modified to adjust for the changes listed above and the amount of foreign tax credits claimed will likely be significantly reduced.
- The transition to this new system includes a requirement that U.S. corporations include in taxable income any previously deferred earnings of certain foreign subsidiaries, but at preferential tax rates.

With this overview in mind, let's begin to examine the individual components of the new law beginning with the transition provisions.

Transition to New System May Be Costly

To implement the 100 percent dividend received deduction for distributions from foreign subsidiaries, the act requires a deemed repatriation of untaxed earnings of specified foreign corporations (SFCs). An SFC is defined as either (1) a controlled foreign corporation (CFC) or (2) a foreign corporation (other than a passive foreign investment company) that has at least one 10 percent or greater U.S. corporate shareholder. CFCs were a significant focus of U.S. international tax provisions prior to the act. A CFC is defined as a foreign corporation that has, on any day during the taxable year, greater than 50 percent ownership by U.S. shareholders.

The U.S. shareholder must include in taxable income as a deemed dividend its share of cumulative untaxed earnings of each SFC in its last taxable year beginning before Jan. 1, 2018. It is worth noting that while the 100 percent DRD for post-2017 foreign earnings applies to only corporate shareholders, this mandatory inclusion applies to all U.S. shareholders of an SFS, including individuals, partnerships, S corporations and trusts. The untaxed earnings are all earnings of the SFC after Dec. 31, 1986 while the entity was an SFC and is reduced (but not below zero) for any losses during that period. Any excess losses from an SFC may then be allocated to reduce the earnings of other SFCs in the group.

The accumulated earnings are the greater of the earnings as of Nov. 2, 2017 or Dec. 31, 2017. Absent unusual post-Nov. 2 transactions, the Dec. 31 date will generally yield greater earnings for

Figure 2.
Example

Mega Company owns 5 percent of A Co., a UK corporation, 40 percent of B Co, a Japanese corporation and 100 percent of C Co, a German corporation. There are no other U.S. shareholders. The post-1986 earnings of each of the companies are detailed below.

	A Co.	B Co.	C Co.
Post 1986 Earnings	$(100,000,000)	$50,000,000	$30,000,000
% of Ownership	15%	40%	100%
Mega's Share of Earnings	$(15,000,000)	$20,000,000	$30,000,000
Allocation of A's Deficit		(6,000,000)	(9,000,000)
Mandatory Inclusion		$14,000,000	$21,000,000

Assuming that Mega's share of the aggregate net cash position of these three corporations is $20 million, the tax computation for the inclusion would be:

Deemed Dividend	$35,000,000
DRD for Aggregate Foreign Cash Position ($20mm X 55.70%)	(11,140,000)
DRD for Remainder ($15mm X 77.10%)	(11,565,000)
Net Inclusion	$12,295,000
2017 Tax Rate	35%
Net Tax	$ 4,303,250

Foreign tax credits are available to offset this tax liability, but must be adjusted due to the portion of each entity's earnings that are exempted from taxation. For the portion of the inclusion taxed under the aggregate foreign cash position, 55.7 percent of creditable taxes are disallowed, while 77.14 percent of foreign taxes attributable to the remainder are disallowed. The foreign tax gross-up does not include the disallowed tax amount.

Note that a foreign tax credit against the tax liability resulting from this mandatory inclusion is only available to corporate shareholders (or individuals who elected to be treated as corporations). Taxpayers have the option to pay the resulting tax liability over an eight-year period with 8 percent of the liability to be paid in each of the first five years, 15 percent in year six, 20 percent in year seven and the remaining 25 percent in the final year.

profitable SFCs, while the Nov. 2 date will be effective for entities in a loss position for the period.

To further complicate the transition adjustment, a U.S. parent must include all earnings of an SFC even if it qualified as an SFC by virtue of being in another U.S. controlled group. If U.S. Company A acquired SFC from U.S. Company B in 2017, Company A must include the earnings of SFC in its mandatory inclusion for the entire time it was owned by Company B or since Dec. 31, 1986, whichever is more recent.

Once the above deemed dividend is determined, the U.S. shareholder is taxed on the inclusion at special rates. To the extent that the corporate U.S. shareholder has an "aggregate foreign cash position," the tax rate is 15.5 percent. Any remaining inclusion is taxed at 8 percent. The U.S. shareholder's "aggregate foreign cash position" is the greater of its pro rata share of (a) each SFC's cash position on the last day of the SFC's taxable year beginning before Jan. 1, 2018 or (b) the average of the net cash position of the two years ending before Nov. 2, 2017. For calendar year entities, this would be the greater of the net cash position at Dec. 31, 2017 or the average of the net cash position at Dec. 31, 2015 and 2016. These reduced tax rates are achieved through a 55.70 percent and 77.14 percent DRD respectively.

The net cash position includes cash, liquid assets and net accounts receivable. Adjustments are made for accounts receivable within a group. For U.S. corporations that have retained large amounts of cash and other liquid assets in foreign subsidiaries, the higher 15.5 percent tax rate represents a surcharge of 7.5 percent, but when compared to the prior taxation of dividends at 35 percent, rewards corporations that delayed repatriation. See the example in Figure 2.

Participation Exemption Excludes Post-2017 Dividends from U.S. Taxation

With a few exceptions, U.S. corporations receive a 100 percent DRD for distributions from foreign corporations after 2017. The dividend is included in gross income and will alter any calculation that is based on gross income, but the DRD will eliminate the dividend from taxable income similar to dividends from domestic corporations. With the inclusion in gross income, it may also be easier for states to continue to tax foreign dividends by just disallowing the DRD.

Notable exceptions include:

- The U.S. corporation must own at least 10 percent of the voting rights of the foreign corporation to qualify for the DRD. Dividends from passive foreign investment companies do not qualify. It is also notable that the transition-mandatory inclusion discussed above is not limited to 10 percent or greater ownership, but reaches to earnings of lesser-owned subsidiaries.
- The U.S. corporation must own the shares for more than 365 days of a period of 731 days that begins on the date that is 365 days before the dividend is paid.

- The DRD is reduced pro rata to the extent the earnings of the foreign payor include U.S. effectively connected income or dividends from a U.S. corporation.
- The DRD may not be claimed if the foreign payor receives a reduction in its foreign tax liability for the payment.

The U.S. corporation does not include any dividend qualifying for the DRD in its computation of foreign source income for purposes of determining its foreign tax credit. In addition, it cannot claim a credit or deduction for any foreign income or withholding taxes related to the dividend.

Subpart F Income and Section 956 Investment in U.S. Property Remain Substantially Unchanged

Although dividends from foreign subsidiaries will generally no longer be taxable, the provisions to currently tax certain income streams of these operations as deemed dividends is still basically intact.

To be subject to Subpart F or Sec. 956, a foreign corporation must be a controlled foreign corporation with over 50 percent of its ownership either directly or indirectly in U.S. control. Once qualified as a CFC, any U.S. shareholder with at least 10 percent voting control was previously subject to the provisions. Prospectively, any U.S. shareholder with at least 10 percent of the value of the equity of the foreign corporation (even if voting rights are lacking) is also affected.

The types of income that may be taxed under Subpart F still include interest, dividends, rents, royalties and sales income from advantageous transfer pricing (foreign base company sales income). The only exception is that foreign base company oil-related income is no longer a qualified category.

Finally, the most meaningful change to these provisions results from an operation of the rules as they were written prior to the new act. The intention of Subpart F was to require a level of tax on mobile income commensurate with U.S. tax. Therefore, any qualified income that was taxed at a rate of 90 percent or more of the U.S. corporate tax rate was exempt from U.S. taxation. Previously, this would have only excluded income taxed at 31.5 percent or greater (90 percent of the U.S. rate). With the reduction in the U.S. tax rate to 21 percent, the exception applies to income taxed at 18.9 percent or greater.

> **The types of income that may be taxed under Subpart F still include interest, dividends, rents, royalties and sales income from advantageous transfer pricing.**

The Stick: GILTI Takes an Asset Based Approach

The intent of this new provision is to address the perception that U.S. developed R&D and technological expertise have been transferred offshore without adequate compensation, which has encouraged manufacturing to shift abroad, as well. Like Subpart F income, any income determined to be GILTI is included in the U.S. shareholders' current taxable income as a deemed dividend (with certain exclusions) irrespective of whether it is actually distributed.

The deemed dividend is calculated based on the assumption that the CFC should be allowed an acceptable return on its "qualified business asset investment" (QBAI). QBAI is the average (measured at the end of each quarter of the tax year) of property used in the production of the CFC's income that is subject to depreciation. Depreciation on the tangible property is deemed to occur ratably throughout the year. The QBAI will, therefore, exclude any working capital, land or intangible assets.

To the extent the CFC's income exceeds 10 percent of QBAI, it is included in the U.S. shareholders' taxable income as a deemed dividend. The CFC's income excludes Subpart F income, exempt Subpart F income under the high-tax exception, U.S. effectively connected income and foreign oil and gas extraction income. The 10 percent return on QBAI is reduced by any interest expense that reduces the CFC's tested income except for interest paid to a U.S. related party. A CFC cannot have GILTI if it is in a current year loss, although there are no provisions to shield future income with the loss.

Any U.S. shareholder of the CFC, including individuals, may have a GILTI deemed dividend if the shareholder held at least 10 percent of the vote or value of the CFC's shares during the year of the inclusion and holds any ownership at year end. Corporate shareholders are allowed a deduction of 50 percent of the deemed dividend through 2025. This deduction will be reduced to 37.5 percent in 2026 and thereafter. Non-corporate shareholders may want to consider electing corporate status to take advantage of this deduction.

Not only is the GILTI deemed dividend reduced by the corporate deduction described above, it also brings with it a deemed-paid foreign tax credit of 80 percent of the foreign taxes attributable to the income. This deemed paid credit, which also only applies to corporate shareholders or those electing corporate status, is computed based on the shareholder's ownership percentage of each CFC having a deemed distribution. Once computed, all GILTI deemed-paid foreign taxes go into one foreign tax credit basket composed solely of GILTI deemed dividend income.

Although the credit for deemed-paid taxes is limited to 80 percent, 100 percent of the deemed-paid taxes are included in taxable income, but with the same deduction allowed the GILTI inclusion. Excess foreign taxes in the GILTI basket may not be carried back or forward for use in another taxable year.

For corporate U.S. shareholders, the result of the 50 percent/37.5 percent deduction and the deemed paid foreign tax credit on GILTI income is that such income should not result in incremental U.S. income tax unless subject to foreign taxes at an effective rate below 13.125 percent through 2025, and below 16.406 percent for 2026 and thereafter. Since the results of these calculations may vary considerably based on specific facts, taxpayers should consider the option of

Figure 3.
Illustration

Assume Pinnacle, Inc., a U.S. corporation, owns 100 percent of Sandy Beach, Ltd. (SBL), a corporation organized in Barbados. Assume SBL is expected to earn $2,000,000 of pre-tax income annually and local taxes vary based on the composition of the expenses. The average tax basis of SBL's tangible assets is $4,500,000 in 2018 and will reduce by $500,000 annually, due to accumulated depreciation. Pinnacle has no other income aside from income it derives from SBL.

	2018	2019	2020
SBL's Taxable Income	$2,000,000	$2,000,000	$2,000,000
Less: Foreign Tax Expense (A)	(200,000)	(300,000)	(200,000)
Net Tested Income (B)	$1,800,000	$1,700,000	$1,800,000
Tangible Asset Base	$4,500,000	$4,000,000	$3,500,000
10% Tangible Asset Return (C)	450,000	400,000	350,000
GILTI (D) [B-C]	$1,350,000	$1,300,000	$1,450,000
Deemed Paid Foreign Taxes [A*D/B] (Rounded to $1,000)	150,000	229,412	161,111
GILTI Inclusion	$1,500,000	$1,529,412	$1,611,111
Less 50% of GILTI Inclusion	(750,000)	(764,706)	(805,555)
Taxable Income	$ 750,000	$ 764,706	$ 805,556
Tax Expense at 21%	$ 157,500	$ 160,588	$ 169,167
Less: Foreign Tax Credit (80% of Deemed Paid)*	(120,000)	(160,588)	(128,889)
Net Tax	$ 37,500	$ -0-	$ 40,278

*Foreign tax credit cannot exceed tax liability.

To the extent Pinnacle has headquarters costs or interest expense, the foreign tax credit could be reduced, due to the allocation and apportionment requirements of the credit calculation.

deducting rather than crediting foreign taxes in any given year that includes material GILTI deemed dividends. See Figure 3 for an illustration.

The Carrot: A New Deduction for Foreign Sourced Intangible Income

We discussed that the GILTI provisions ensure that certain excess returns earned by CFCs are taxed at an effective tax rate of at least 13.125 percent (16.406 percent after 2025). The tax act doubles down on the economics of income situs with a deduction that lowers the income tax rate on excess returns earned by U.S. corporations on foreign business. The law allows a deduction of 37.5 percent of foreign-derived intangible income (FDII) through 2025, lowering the effective tax rate on such income to 13.125 percent. After 2025, the deduction is reduced to 21.875 percent, increasing the effective tax rate to 16.406 percent.

The FDII is based on a computation similar to the GILTI deemed dividend calculation. Income from sales of goods or services (excluding financial services income and domestic oil and gas extraction income) less related deductions are eligible for the deduction to the extent it exceeds 10 percent of the adjusted tax basis of the tangible depreciable assets. Sales or services provided to related parties are excluded unless the property is subsequently sold to a foreign unrelated party or services are used by the related party for such qualified sales.

Similar income generated by a branch of a U.S. company located abroad will not qualify for the benefit and, therefore, will be subject to the full 21 percent tax rate. Presumably, this distinction is made to encourage domestic employment. The irony of such distinction is that it provides an incentive for U.S. corporations to operate a foreign business through a CFC rather than a foreign branch.

The provision creates several interesting uncertainties and potential conflicts that can only be resolved based on specific facts, such as:

- Determining depreciable tangible asset basis when production is sold both domestically and internationally.
- Determining qualified income and related deductions when a product or service is a composite of both domestic and foreign inputs.

Economics of Inbound Transactions Are Altered by "BEAT"

The final major change regarding international taxation in the new act is the base erosion anti-abuse tax (BEAT). The BEAT applies to domestic corporations that are part of a group with at least $500 million of annual domestic gross receipts, including effectively connected income of foreign affiliates. The gross receipts are determined over a three-year moving average.

> **Once qualified payments have been determined, they must exceed a minimum threshold before triggering a tax liability.**

The focus of the BEAT is any payments made by U.S. corporations to related foreign parties for which a tax deduction is allowed. The scope of BEAT also includes payments for depreciable and amortizable assets, which will be included in the computation as the depreciation or amortization is deducted. The BEAT provision excludes several categories of costs:

• Costs that are properly deducted as reductions in gross receipts or cost of goods sold.

• Costs that qualify under the service cost method of I.R.C. Section 482. This is a very narrow category of costs viewed as low margin administrative costs, such as photocopying, data entry and bookkeeping. It is common to find these services consolidated in international service centers.

• Derivative payments for taxpayers that recognize ordinary gain or loss on the related income, which affects financial service businesses.

Payments for reinsurance are specifically included in the computation, which may cause the tax to have a particularly notable impact on the insurance industry. And the cost of goods sold exception is eliminated for any group included in a corporate inversion after Nov. 9, 2017, which continues to increase the costs of expatriation for U.S. businesses.

Figure 4.
Illustration

Subco is a U.S. corporation wholly owned by a Dutch parent with broad international operations. Subco's gross receipts exceed $500 million, so it must test for the BEAT. Subco pays considerable amounts of interest, royalties and service fees to its parent annually of $50 million. Subco has no DRD, GILTI or FDII.

	2018	2019
Gross Income	$500,000,000	$500,000,000
Total Deductions	400,000,000	400,000,000
Taxable Income (A)	$100,000,000	$100,000,000
Tax Liability before Credits (21%)	$ 21,000,000	$ 21,000,000
Foreign Tax Credit	(6,000,000)	(6,000,000)
R&D Credit	(3,000,000)	(3,000,000)
Sec. 38 Credits	(5,000,000)	(5,000,000)
Net Tax Liability	$ 7,000,000	$ 7,000,000
BEAT Payments included in Total Deductions (B)	$ 50,000,000	$50,000,000
BEAT Payments as a % of Total Deductions	12.50%	12.50%
Modified Taxable Income (A+B)	$150,000,000	$150,000,000
BEAT Tax Rate	5.00%	10.00%
Modified Tax (C)	$ 7,500,000	$ 15,000,000
Adjusted Regular Tax:		
Net Tax Liability	$ 7,000,000	$ 7,000,000
Add: R&D Credit	3,000,000	3,000,000
80% of Sec. 38 Credits	4,000,000	4,000,000
Adjusted (D)	$ 14,000,000	$ 14,000,000
BEAT (C-D)	$ -0-	$ 1,000,000

Controlled groups must calculate gross receipts and the BEAT on a combined basis. U.S. effectively connected income of foreign affiliates must also be included.

Once qualified payments have been determined, they must exceed a minimum threshold before triggering a tax liability. BEAT is not applicable if the qualified payments are less than 3 percent of total deductions allowable to the taxpayer. The threshold is lowered to 2 percent for banks and certain other financial institutions. The definition of allowable deductions specifically excludes DRDs for foreign dividends and the deductions for GILTI and FDII discussed above. This minimum threshold will generally provide a safe harbor for U.S.-based multinationals, but may not provide sufficient capacity for foreign-controlled U.S. corporations that pay significant amounts of royalties or interest to foreign affiliates or parents.

If the BEAT payments exceed the threshold, tax is computed based on modified taxable income, which is defined as regular taxable income increased by the BEAT payments. This amount is then taxed at the prescribed rate of 5 percent for 2018, 10 percent from 2019 to 2025, and 12.5 percent thereafter. Banks and other specified financial institutions calculate the alternative tax liability using rates that are 1 percent higher.

The tax liability determined above is compared to the regular tax liability. Prior to 2026, the regular tax liability is increased for the R&D credit and 85 percent of Sec. 38 credits (low-income housing credit, renewable energy production credit and energy credit). After 2025, the regular tax is not adjusted. To the extent the BEAT alternative tax exceeds the adjusted regular tax, the excess is paid with the regular tax liability. Taxpayers with large credits, such as foreign tax credits, may incur this tax if BEAT payments are not below the 3 percent threshold. See Figure 4 for an illustration of how this alternative tax may increase a corporation's liability.

Modifications to Foreign Tax Credit Calculation

Some adjustments specific to the foreign tax credit calculation should be noted:

- Interest expense may no longer be apportioned using the fair market value of assets, but must be based on the adjusted tax basis of the assets.
- Consistent with the participation exemption, the pooling of

foreign taxes is no longer applicable. Foreign taxes for Subpart F and GILTI deemed dividends consider only current year foreign taxes for gross-up and credit calculations.

- In addition to the GILTI foreign income basket, income from foreign branches will be included in a separate basket.
- The sourcing of inventory sales has been modified to eliminate the provision that 50 percent of income is sourced based on production and 50 percent on the location of sale. All income is now sourced to the site of production.

Final Notes

This article has attempted to highlight some of the major changes affecting international taxation in the new act. As is evident, the new act introduces many new concepts and complicated calculations designed to encourage taxpayers to locate production domestically and prevent the erosion of the U.S. tax base in an environment that is becoming increasingly global.

Given the complexity, taxpayers should carefully review their operational structure and tax liability and assess the need for tax reserves for any uncertain positions taken on tax returns with regards to these new provisions.

One final note is worth mentioning. The timing of the enactment of the new tax bill has caused a lot of uncertainly for multinational taxpayers with financial reporting obligations. Not only do such taxpayers have to quantify and record the tax on the mandatory inclusion of pre-2018 foreign earnings, but they also initially have to evaluate how the new GILTI and BEAT regimes impact current deferred income tax computations.

Since enactment of the law, both the Securities and Exchange Commission (SEC) and the Financial Accounting Standards Board (FASB) have released guidance to begin addressing these issues. As we expect additional guidance from the Department of Treasury on the technical aspects of the tax act, we also anticipate hearing more from both the SEC and FASB.

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