

State and Local Tax

PricewaterhouseCoopers' State and Local Tax practice

Today's state tax environment and difficult economy present businesses with increasingly complex and demanding challenges. To successfully operate in this setting, it is critical that organizations fully understand the backdrop in which they operate, balance cost-saving opportunities and tax risk management issues, effectively address their tax and tax accounting requirements, and properly comply with the myriad of state and local statutory and regulatory responsibilities.

The PricewaterhouseCoopers State and Local Tax (SALT) practice is dedicated to helping its clients assess their state and local tax burden by recommending solutions that support their overall business objectives and provide support so that their filing positions are consistent with good business practices and with the states' applicable tax laws and rules.

Our practice is structured as a true national network of well-respected state and local tax professionals, including many former key state officials. As a national network, we assign SALT professionals best suited to address our clients' needs, without regard to geographic barriers.

Whether you're undergoing a complicated business restructuring, grappling with cost pressures and tax accounting issues or interested in advice on day-to-day developments, our SALT practice is well suited to address your state and local tax needs.

Areas of expertise

Income Taxes/Accounting for Uncertainty

As states continue to change their income tax filing requirements, businesses must stay abreast of and comply with these evolving standards. PricewaterhouseCoopers assists a broad range of companies on income tax matters, including growing combined and unitary reporting, nexus determinations, alternative apportionment requests, tax shelter reporting rules, tax controversies, voluntary disclosures, and add-back safe harbors. We also assist businesses in complying with tax accounting requirements by providing advice with regard to the different aspects of identifying, recognizing, measuring and disclosing uncertain tax positions for financial reporting purposes. Our tools allow our professionals to accurately and efficiently assist companies to meet their FIN 48 tax accounting requirements.

Gross Receipts Taxes

Gross receipt taxes continue to evolve in the U.S. Our SALT professionals have developed a strong understanding of the issues associated with these changes and stay abreast of continuing developments in states that have enacted or are considering adoption of a gross receipts tax base. Whether you want to explore the impact of the many complex transitional provisions, require help with compliance related reporting issues, or wish to get involved in the tax policy debate over gross receipt and margin taxes, we have the skills and resources to assist your business.

Net Worth Taxes

Our professionals address the subtleties in states' specific rules regarding calculation of the tax base and explore opportunities to employ approved alternative methods of valuing a company's capital stock or net worth.

Sales and Use Taxes

Over the past decade, states have been increasingly aggressive in asserting affiliate nexus, despite the opposing business perspective. And today, the debate continues. Our Sales and Use Tax practice is directly involved in the current national initiatives regarding nexus rules, and monitoring the evolution of other developments such as vendor presumption. Additionally, we have extensive experience working on sales and use tax audits and examining sales and use tax exclusions and exemptions to determine the full extent of their reach.

Employment Taxes

Our Employment Tax practice assists companies with identifying strengths and weakness in their payroll processes and works with them to reduce risks and costs, and improve accountability. Whether you are undergoing business reorganization or are in need of assistance with developing strategies that provide appropriate allowable employment tax benefits consistent with state tax policies—we have the experience to meet your employment tax needs.

Credits and Incentives

Our Credits and Incentives Solutions practice assists companies in reducing investment costs by advising them on unlocking and securing favorable incentives packages. We also help identify tax and non-tax savings opportunities for past investments, job creation, research, training, environmental and other qualified expenditures.

Abandoned and Unclaimed Property

We assist companies in identifying and quantifying property subject to states' escheat provisions. Our Abandoned and Unclaimed Property practice professionals have well-established relationships with legal counsel who work in this area and who have experience interpreting the unclaimed property statutes.

Key service offerings

Some of our key service offerings include:

Controversy

Our national State Income/Franchise Audit Defense Team works as an extension of the client's in-house tax department to: facilitate involvement in voluntary disclosure programs with the states, reduce corporation income and franchise tax audit assessments, identify potential overpayments of tax that may be refunded, close existing audits, suggest corrective measures to prevent future controversy and identify favorable filing positions for subsequent tax filings. The National Audit Defense Team is comprised of seasoned practitioners throughout the U.S., many of whom held high-level income/franchise tax positions within state tax governments. These individuals possess a unique knowledge of audit procedures and unwritten policies that can be a tremendous asset when properly utilized.

Reverse Income Tax Audit (RITA)

A Reverse Income Tax Audit or RITA is a formalized process that identifies significant refund claims and develops sustainable filing positions for the future. Most state laws present both traps and opportunities for multistate taxpayers. Proper application of state tax codes' subtle variations may result in a major tax impact. PwC's RITA team is highly qualified to identify refund opportunities and to solve disputes that may arise with the states' taxing authorities. The RITA team consists of recognized technical professionals many of whom were formerly with state tax departments, industry and law firms.

State Tax Provision Services (STPS)

Our SALT professionals can assist taxpayers in identifying their relevant state tax issues and evaluating the potential impact on their tax accounts and related financial reporting disclosures. In addition to the tax regulatory authorities' increased focus, the SEC, external auditors, audit committees and shareholders are demanding effective disclosures, including those involving state tax issues. Many states have disclosure requirements and respective penalties for noncompliance with applicable state tax laws and policies. These matters require far more documentation and discipline, due to the heightened financial statement, disclosure and controls expectations. STPS professionals also provide taxpayers with a better understanding of the latest state tax developments and how they may impact their state tax provision and accounts.

Multistate Tax Credit Review

To stimulate local economies, state and local governments are constantly increasing the diversity of cost-savings opportunities offered to companies that conduct or will conduct business in their regions. These cost-savings opportunities, including tax credits for new investments and new jobs, grants for the training of employees, and various abatements and exemptions, can positively impact a company's ability to finance an expansion, offset startup and ongoing operational costs, or provide job training. Each state has numerous credits and incentives programs

available to businesses. A Multistate Tax Credit Review is designed to identify, quantify and obtain the statutory cost-savings opportunities to which a company is entitled.

Benefits of working with us:

myStateTaxOffice.com

We offer clients and friends complimentary analyses of regulatory, legislative, and judicial tax developments at the state and local levels that can be accessed via www.myStateTaxOffice.com. Our weekly e-mails provide updates on recent and noteworthy state and local tax developments.

National Practice

Our national network allows us to communicate effectively and efficiently with our counterparts throughout the country, in order to provide resources that can assist with your state and local tax needs.

Experience

Our seasoned practitioners have experience across multiple industries and jurisdictions. Our professionals include former heads of Economic Development Offices and high-level employees of Departments of Revenue—allowing us to provide deep insight and help in determining your state and local tax liability.

Technology

Our sophisticated technology tools enable our professionals to provide companies with accurate and efficient advice and solutions.

For more information about the PwC SALT practice, please contact your local PwC partner or any of the following partners:

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State and Local Tax

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Federal Tax

- IRS Service Team Hot Topics
- This Month in M&A
- Washington National Tax Services Insight
- WNTS Webcast Series

General Accounting

- PwC AudioDigest Podcast Series
- US Business News (Japanese edition)

General Tax

- Achieve results. Tax Function Effectiveness
- Global Information Reporting & Withholding Newsbriefs
- IFRS Tax Issues & Insight
- Tax Accounting Insights
- Tax Thought Leadership Series

Human Resource Services

- ERISA Reporting Guide
- Global Equity Compensation Newsletter
- Global Equity Incentives Survey
- Hourglass
- HRS Insight
- HRS Thought Leadership
- Human Resource Services Webcasts
- International Human Resource Services Conference

Industry

- Automotive Tax News
- Bank Tax Digest
- Energy Tax Alert
- Entertainment, Media and Communications Tax Newsletter
- Exempt Organizations Tax Services Update

- FSTP Perspectives
- Industrial Products & Services Tax Alert
- Insurance Tax Bulletin
- Medical Device Tax News
- Pharma and Life Sciences Tax News
- Retail & Consumer Products Quickbrief

International Assignment Services

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International Tax

- African Tax Newsalert
- Asia Focus
- Asia Pacific Tax Newsalert
- Customs & International Trade Newsalert
- European Tax Newsalert
- International Tax Services Webcast Series
- Latin American Tax Newsalert
- US Inbound Newsalert
- US Outbound Newsalert
- US Tax Treaty Developments
- VAT Newsalert

State and Local Tax

- MyStateTaxOffice
- State and Local Tax Webcast Series

Transfer Pricing

- Pricing Knowledge Network
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Washington matters*

Your Washington National Tax Services (WNTS) relationship – Keeping you ahead of the curve

With potential tax reform, Treasury's focus on increasing U.S. competitiveness, and significant legislative changes on the horizon, taxpayers can expect substantial modifications to U.S. tax system over the next several years that will impact the way companies do business. Analysis and preparedness will be the keys to implementing successful responses to new proposals, new leaders, and new challenges for the business community.

With such sweeping changes potentially in store, how will you remain on the forefront of daily legislative, regulatory, and administrative developments impacting your company?

As your current implementation and compliance challenges mount, who is focused on the critical tax issues that lay ahead?

PricewaterhouseCoopers' Washington National Tax Services (WNTS) can provide your company with forward-thinking insight to help you stay "ahead of the curve" – Examining legislative, regulatory, and administrative developments with an eye on tax issues affecting your company, as well as strategies to help you address change.

By combining WNTS' deep understanding of emerging legislative and regulatory matters with your PwC engagement team's "on-the-ground" knowledge of your issues and objectives, we can help your company better understand and tackle the issues with the greatest impact on your industry and business.

WNTS provides a team, tailored analysis, and tax planning advice that can drive successful outcomes for your company.

Our team

WNTS is nationally recognized for its in-depth technical knowledge and experience in tax. Our national network includes professionals from a variety of backgrounds, including former government officials from the IRS and Treasury Department, Congressional tax staffs, corporate tax directors, professionals from law firms, and tax advisors from PwC's practice offices.

The result: Your relationship with WNTS provides access to a group of multidisciplinary professionals who have relationships with Washington decision-makers that provide up-to-the-minute perspective on legislative and regulatory developments in a variety of tax matters including:

- Legislative and regulatory affairs
- Accounting methods
- Mergers and acquisitions
- Partnerships
- Transfer pricing
- International
- IRS practice and procedure
- Exempt organizations
- Financial instruments
- Economic and statistical modeling

Tailored analysis

With the ever-increasing level of activity in Washington and the volume of available information, the ability to filter, critically assess, and analyze important tax issues is essential. In addition to the consistent and timely delivery of breaking tax developments via our *WNTS Insight* subscription and webcast series, your WNTS relationship also includes tailored analysis of important developments through:

- **Issue tracking:** WNTS monitors emerging tax issues, provides real-time updates, and develops tangible examples of likely impact on your company.
- **Ongoing consultations:** Conveniently scheduled and informal meetings between your company and your WNTS relationship team serve to summarize and discuss the impact of recent and emerging developments. Agendas for these consultations are developed based on knowledge of your issues, tax planning profile, and previous consultations.

The result: Armed with this level of knowledge, your company can make informed decisions and develop a more strategic approach to tax planning.

Tax planning

WNTS serves as a gateway to a network of specialists who not only provide analysis, but can identify and implement tax planning services that drive results – We can work with you to:

- Structure and execute solutions that lead to positive outcomes in tax planning and overall compliance
- Develop strategies that anticipate tax legislative and regulatory changes
- Facilitate dialogues on behalf of your business and industry with the White House, Congressional tax writing committees, the Treasury Department, the IRS, Customs Service, and the Office of Management and Budget, as well as other administrative agencies

The result: Your company has access to a "one-stop-shop" for insight, analysis, and implementation, helping your tax department build and maintain a tax-efficient response to your burning tax challenges and successfully navigate the ever-changing tax landscape.

Getting started: The Fly-in program

Through our Fly-in program, WNTS provides you with an in-person opportunity to interact with WNTS tax policy and technical specialists on the issues of greatest interest to your company. This day-long strategy session allows WNTS professionals to apply their knowledge and experience to identify solutions to your tax challenges and provides you with a glimpse into the resources and level of expertise available as part of your involvement with WNTS.

For more information

To learn more about WNTS, to schedule a Fly-in, or to subscribe our *WNTS Insight* publication, a must read for corporate tax professionals wanting to stay ahead of the curve, please contact:

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International Tax Services

Businesses must keep pace with globalization to remain competitive and in some cases, to survive. But staying on top of tax, legislative and regulatory developments throughout the world is challenging for multinational businesses. Every action your company takes—whether in the US or abroad—could have an impact on your global strategy. It's important to understand all the complexities and intricacies of the tax legislation in each country where you do business, but the reality is that there are numerous laws for every jurisdiction, making it difficult to keep up.

The key to creating the most effective tax structure is to be aware of and understand these complexities—and to consider them when planning your strategy. PricewaterhouseCoopers' International Tax Services (ITS) practice is experienced in addressing these developments as well as all aspects of international taxation. We help multinational businesses achieve their business goals in a tax efficient manner, both locally and globally.

Our International Tax Services professionals are tax specialists who focus exclusively on tax planning and compliance for companies involved in international business activities. Our global network of ITS professionals work together to address our clients' specific needs. ITS professionals can assist clients with:

- Formulating effective and tax-efficient cross-border strategies for both U.S. and overseas investments;
- Staying abreast of new developments within the international arena that affect their business;
- Developing an effective and comprehensive global tax strategy;
- Managing their global structural tax rate.

PricewaterhouseCoopers' ITS practice helps clients develop and implement an efficient global tax structure that enables them to lower their global effective tax rate, reduce risk and exposure, and align tax and business objectives. Our key goals are centered around the following four categories, the "Four Pillars of an Integrated Global Structure":

- U.S., State, and Foreign Tax Management
- Treasury Management
- Tax Attribute Management
- Structure Management

International Tax Services

Our approach: The Four Pillars of an integrated global structure

Tax Management <ul style="list-style-type: none">• U.S. Federal, State & Local, Foreign Tax Reduction• Entrepreneur Structure/IP Migration• Tax-Efficient Internal Debt• In-Country/Jurisdictional Tax Planning	Treasury Management <ul style="list-style-type: none">• Manage U.S./In-Country foreign exchange exposures and FAS 52• Manage Deferral Positions/APB 23• Efficient Offshore Cash Management• Efficient Repatriation of Offshore Cash
Tax Attribute Management <ul style="list-style-type: none">• Foreign Tax Credits• E&P and E&P Deficit• NOL utilization & valuation• Basis planning	Structure Management <ul style="list-style-type: none">• Tax Efficient Acquisitions• Tax-Efficient Dispositions

By focusing on this “Four Pillars” approach, we work to identify an efficient worldwide tax position for our clients and to develop appropriate planning ideas for each unique set of facts and circumstances.

Our teams are able to help you structure your business in a tax-efficient manner, both locally and globally. We have dedicated ITS resources who specialize in all industry sectors and company sizes, ranging from small private companies to large MNCs. For more information, please contact:

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