

ONESOURCE™ INCOME TAX

International



EFFICIENTLY MANAGE AND AUTOMATE YOUR ENTIRE INTERNATIONAL INCOME TAX PROCESS

ONESOURCE Income Tax for international is a comprehensive system that simplifies the U.S. tax computations derived from international operations. Integrated tax calculation areas lead you through the tax return process, determining foreign earnings and profits, U.S. income inclusions, deemed paid credits, and the Foreign Tax Credit.

The international module includes international, federal and state tax return software designed to improve your tax department's productivity, while enabling you to file the most accurate, complete tax returns. Its family of products is completely integrated, meaning you enter data once, and it flows to all applicable calculations. Taxable income calculated for 1120 purposes automatically transfers to the international area to serve as a starting point for the Foreign Tax Credit computation.

Data Integration

The international module comes with full import capabilities for most screens. You may import charts of accounts, trial balances, sourcing, country codes, asset information, taxes, dividends paid, and intercompany payments from your general ledger software or multiple spreadsheet programs. This extremely comprehensive and flexible import feature enables you to integrate information without requiring predefined formats.

The Platform That Best Fits Your Business Needs –

ONESOURCE Income Tax offers a web-based solution, which is hosted at Thomson Reuters' world-class data center in Eagan, Minnesota, or an in-house (client/server) solution – it is up to you. The exceptional features and benefits of our software remain the same no matter which platform you choose.

CONTROLLED FOREIGN CORPORATIONS & PARTNERSHIPS

Calculate Earnings and Profits

The international module automates the calculation of earnings and profits and automatically completes Form 5471. Form 8865 is automatically populated for your Controlled Foreign Partnerships. Here are a few of the powerful features available:

- Import local currency trial balance amounts from a general ledger system, a spreadsheet program, or manual entry
- Enter GAAP and tax adjustments against the local country account detail to conform to U.S. reporting standards
- Enter branch information in the respective local currency, and let the international module consolidate these amounts in the functional currency of the reporting entity
- Allocate income through formulas
- Maintain a tax basis balance sheet for each foreign subsidiary
- Maintain E&P and tax pools by 904(d) basket



Look-through

The international module applies the look-through rules for intercompany rents, royalties, interest and dividend income as provided under Section 904(d)(3). Key features include:

- Calculations operate across unlimited chains of ownership and with multiple payors and recipients
- The International module follows the ordering rules of Section 1.904-5 (k), including netting rules for back-to-back payments and the exception to the same-country exception rules
- Bypass look-through calculations for rents, royalties, and interest until you are ready to complete processing

Subpart F

The international module determines if distributions are taxable dividends, PTI distributions, or return of capital; computes the amount of PTI exchange gain/loss; calculates the deemed distribution inclusions and any deemed paid credits relating to this income.

Subpart F limitations are applied as follows:

- Limiting Subpart F to current year earnings and profits under Section 952, including the Section 952(c)(3) Lifo-adjustment
- Applying de minimis as well as full inclusion tests and resourcing the income that meets the tests
- Calculating the high-tax election
- Tracking PTI by separate limitation baskets and calculating the exchange gain or loss for PTI dividend remittances
- Maintaining E&P by separate limitation basket and Section 959 type, including allowing for Section 905(c) or audit adjustments
- Performing nimble dividend rules for distributions and deemed distributions
- Applying regulation 1.960-1 for determining Post-86 E&P for deemed paid credit calculations
- Determining the effect of "dipback" dividends by tracking pre-TRA 1986 E&P and tax layers

Managing Subpart F Adjustments

- Tracking and applying recharacterization of Subpart F previously limited by earnings and profits
- Tracking and applying qualified deficit rules.
- Applying separate limitation losses

FOREIGN TAX CREDIT ENTITIES

Domestic entities processed as part of your 1120 may have additional international properties that require the completion of international screens and calculations. Your domestic taxable income flows automatically into the Foreign Tax Credit Sourcing Workpaper for allocation and apportionment by 904(d) basket.

Allocation and Apportionment

Foreign Tax Credit (FTC) entity sourcing performs the allocation and apportionment of taxable income to determine net income by 904(d) basket for the Foreign Tax Credit. It includes all expense allocations and apportionments, including special rules for research and development and interest expense, and allows for user-defined apportionment methods.

A powerful feature of the international module is your ability to use formula sourcing for the allocation of income. As taxable income adjustments are made, the system automatically reallocates the new amount based on your formulas, saving you many hours of manual adjustment.

Foreign Tax Credit

ONESOURCE Income Tax's FTC feature calculates the Foreign Tax Credit and automates key functions such as:

- Tracking Section 863(b) income
- Performing the high-tax kickout test
- Applying the exclusive apportionment rules for R&D and calculating the floor adjustment if the optional gross income method is used
- Applying the Section 904(f) loss allocation and recharacterization and overall foreign loss recapture
- Performing the Section 907 limitation calculation for foreign oil and gas income
- Calculating the foreign Tax Credit by 904(d) basket and determining whether each basket is in an excess credit or limitation position
- Automatically posting the income inclusions from CFCs to the U.S. parents

