Tax Considerations for Joint Ventures
Strategies to Manage Tax Impact When Forming or Exiting a Joint Venture

TUESDAY, FEBRUARY 22, 2011

1pm Eastern    |    12pm Central   |   11am Mountain    |    10am Pacific

Today’s faculty features:

Peter Bloom, Attorney, The Bloom Group, Washington, D.C.

Michael I. Sanders, Partner, Blank Rome, Washington, D.C.

Joseph T. Gulant, Partner, Blank Rome, New York/Philadelphia

Attendees seeking CPE credit must listen to the audio over the telephone.

Please refer to the instructions emailed to registrants for dial-in information. Attendees can still view the presentation slides online. If you have any questions, please contact Customer Service at 1-800-926-7926 ext. 10.
For **CLE** credits, please let us know how many people are listening online by completing each of the following steps:

- Close the notification box
- In the chat box, type (1) your **company name** and (2) the **number of attendees at your location**
- Click the blue icon beside the box to send

For **CPE** credits, attendees **must** listen to the audio over the telephone. Attendees can still view the presentation slides online.

Please refer to the instructions emailed to registrants for additional information. If you have any questions, please contact **Customer Service at 1-800-926-7926 ext. 10.**
**Tips for Optimal Quality**

**Sound Quality**
For this program, you must listen via the telephone by dialing 1-866-871-8924 and entering your PIN when prompted. There will be no sound over the web connection.

If you dialed in and have any difficulties during the call, press *0 for assistance. You may also send us a chat or e-mail sound@straffordpub.com immediately so we can address the problem.

**Viewing Quality**
To maximize your screen, press the F11 key on your keyboard. To exit full screen, press the F11 key again.
TAX CONSIDERATIONS FOR JOINT VENTURES: STRATEGIES TO MANAGE TAX IMPACT WHEN FORMING OR EXITING A JOINT VENTURE

February 22, 2011

Peter M. Bloom, Esq.
The Bloom Group, LLC
Washington, D.C.
www.thebloomgroupllc.com

©2011 The Bloom Group, LLC
IRS Circular 230

IRS Circular 230 regulates written communications about federal tax matters between tax advisors and their clients. Any advice or guidance provided herein is not intended and cannot be used for the purpose of avoiding penalties that may be imposed by the IRS regarding any matters discussed herein.
Choice of entity

Identifying the goals:

--Minimize taxes

--Accommodate financial goals

--Choosing right vehicle with exit in mind

--Other deal-specific ones?
Choice of entity

C Corporations

--Generally disfavored due to double layer of taxation

--Another disadvantage: absence of direct and efficient step-up in basis of j.v. assets upon sale of j.v. interest
Choice of entity

S Corporations

--A potential choice inasmuch as double layer of tax generally avoided

--A 501(c)(3) may own stock in S corporation

--HOWEVER, second class of stock prohibition typically fatal, except for plain vanilla j.v.’s
Choice of entity

“Standard deal”:

Distributions to capital investors in an amount equal to agreed-upon annual return; then

Distributions to capital investors until they have received 100% of their investment; and finally

To both capital and profits partners according to their residual percentages

Above arrangement has at least two classes of stock
Choice of entity

LLC’s

--Great flexibility is one advantage

--The advantages of subchapter-K, beginning with the treatment afforded by §721 compared to §351 of the Code

--Flow-through consequence, which is very important if early-stage losses anticipated

--Special allocations
Choice of entity

The remainder of this discussion assumes that the j.v. partners will be treated as a partnership for federal income tax purposes.
Tax Planning

--Special allocations

A special allocation is an allocation other than in accordance with a j.v. partner’s interest in the j.v.

Sam and Dave contribute $50 each to a music publishing j.v. The j.v. buys a number of copyrights, and agree that 90% of the income, loss, etc. of copyright #1 will be allocated to Sam. That is a special allocation.
Tax Planning

--Special allocations

A special allocation is permitted if it has economic effect, and that effect is substantial.

Economic effect: the J.V. must maintain capital accounts in accordance with Reg. §1.704-1(b)(2)(iv); liquidating distributions must be made in accordance with capital account balances; and a j.v. partner must have the obligation to restore any deficit in its capital account upon liquidation.
Tax Planning

--Special allocations

As an alternative to deficit restoration obligation, allocation may still have economic effect if (A) j.v. agreement provides for a qualified income offset, requiring the j.v. to allocate the next items of j.v. income in order to eliminate any negative capital account balance, and (B) it does not create or increase a deficit in j.v. partner’s capital account larger than j.v. partner’s obligation to restore a deficit.
Tax Planning

--Special allocations

Substantiality: Allocation is substantial if it has favorable tax consequences to one j.v. without corresponding detrimental tax consequences to the other j.v. partners and no overall change on the partners’ capital accounts.
Tax Planning

--Special allocations

Be aware that there are three allocations that do not have substantial economic effect:

1) Shifting
2) Transitory
3) “After tax”
Tax Planning

-- Special allocations

-- J.V. partners may amend j.v. agreement after the close of the taxable year, as long as on or before the due date for the j.v. return.

-- This permits post-facto allocation of income and losses to provide limited deficit restoration obligation to the extent necessary to support a loss allocation.

Reg. §1.761-1(c)
Tax Planning

--Special allocations example (adapted from Example 10 of Reg. §1.704-1(b)(2)(iv):

A and B form a joint venture to develop and manufacture nanotechnology products. The AB J.V. agreement contains the three requirements for economic effect. The AB J.V. agreement also provides that A, a resident of a foreign country, will be allocated 90 percent, and B 10 percent, of the income, gain, loss, and deduction derived from operations conducted by AB within A’s country, and all
Tax Planning

--Special allocations example (adapted from Example 10 of Reg. §1.704-1):

remaining income, gain, loss, and deduction will be allocated equally. The amount of such income, gain, loss, or deduction cannot be predicted with any reasonable certainty, and as such is not a shifting, transitory of after-tax allocation. The allocations provided by the AB J.V. agreement have substantial effect.
Tax Planning

The use of carried interests (the issuance of an interest in the j.v. in connection with the performance of services)

Example: A, B, C and D form a joint venture (“JV”) to develop a product utilizing a signal processing technology. A and B originally developed the product. C is an investor. C recruits D, an experienced executive, to manage JV. C negotiates and receives a ten percent annual cash preferred return on his investment until his capital is returned and the
Tax Planning

The use of carried interests (the issuance of an interest in the j.v. in connection with the performance of services)

return of his capital prior to the distribution of any cash to any other J.V. member. D negotiates and receives a ten percent residual interest in J.V.

D holds a carried interest, the disposition of which is generally entitled to capital gains treatment.
What is the future of carried interests, given the hostility at Treasury and in Congress?

Prior proposals appear to have been aimed at large hedge fund managers, but would have had broader impact.
Joint Ventures Involving Tax Exempt Entities

Michael I. Sanders, Esquire
Blank Rome, LLP
Watergate 600 New Hampshire Avenue, NW
Washington, DC 20037
sanders@blankrome.com
Table of Contents

I. Introduction
II. Analyzing Joint Ventures – Structural Analysis
III. New IRC Section 501(r)
IV. Ancillary Joint Ventures – Examples and Analysis
V. New Markets Tax Credit – A Government Sponsored Joint Venture Vehicle

For a more detailed analysis of the subject matter, see Sanders, *Joint Ventures Involving Tax Exempt Organizations*, John Wiley & Sons, Inc.©
Introduction

Joint Venture – Overview

Since the 1982 court decision in *Plumstead*, when the IRS lost its challenge to a §501(c)(3) organization serving as a general partner of a partnership with for-profit partners, the arena of nonprofits engaging in joint ventures has mushroomed, in some cases with government stimulus. Joint ventures have evolved in health care, distance learning, low income housing transactions, and new markets tax credits; the latter two alternatives, involve nonprofits partnered with investors to take advantage of tax credits offered for the development of low income housing, shopping centers and charter schools.
The challenge in structuring joint ventures involving tax-exempt organizations is to comply not only with the IRS’ general legal requirements for nonprofits participating in joint ventures, but with the specific requirements for the particular program the venture might be participating in, such as the NMTC, and subsequent to the passage of the PPCA, the provisions applicable to the operation of nonprofit hospitals. In addition, basic requirements for nonprofit organizations such as filing Form 990 and the IRS’ continuing focus on good governance must be satisfied. Nonetheless, given the state of economy and its concomitant fund-raising difficulties, joint ventures present creative avenues to raise funds for charitable projects.
Joint Ventures

Types of Joint Ventures:

- Whole
- Ancillary
- Exempt Only
- Investment Type
Ancillary Joint Ventures:

- Clinical Services – Ambulatory surgery, imaging
- Nonclinical Projects – Medical Office Building
- Low Income Housing – rental housing, rent restrictions, area median gross income
- Distance Learning – educational, university structure
- Nonprofit News Organizations
- New Markets Tax Credit – charter schools
The IRS’ Two-Prong “Close Scrutiny” Test

The two-prong test requires that:

(i) The activities of the partnership further charitable purposes; and

(ii) The structure of the partnership insulates the exempt organization from potential conflicts between its charitable purposes and its general partnership obligations, and minimizes the likelihood that the arrangement will generate private benefit.
The Second Prong

The partnership or joint venture must be structured in such a way as to:

(i) Protect the exempt organization’s assets from exposure to unnecessary risk for the benefit of the for profit partners; and

(ii) Minimize the potential for private inurement or private benefit.
Favorable IRS Criteria

Factors that bear favorably upon the IRS’ determination:

● Limited contractual liability of the exempt partner.
● Limited rate of return to the for-profit members.
● Exempt organization’s right of first refusal on the sale of the partnership assets.
● Lack of control over the partnership by the for-profit members (e.g., parties are “unrelated” and no partner serves as an officer or director of the exempt organization).
● The presence of additional for-profit members obligated to protect the interest of the investors.
● No obligation on the part of the exempt organization to return the for-profit members’ capital contribution from the exempt organization’s funds.
● Project is not a primary motivation.
● All transactions with the for-profit members are made at arms-length and are reasonable.
● Lack of “negative” or unfavorable factors and/or improper guarantees.
♦ Impermissible Private Benefit
♦ Exit Strategy: Built-in Right to Unwind, for tax and non-tax (economic) reasons. Anticipate IRS review.
♦ St. David’s Case
St. David’s Case

On March 4, 2004, a Federal District court jury in the Western District of Texas, rendered a verdict in favor of St. David’s Health Care System, reconfirming St. David’s status as a tax-exempt healthcare entity after its joint venture with the for-profit Columbia/HCA Healthcare Corporation (“HCA”). The instructions given to the jury closely followed the opinion issued by the Fifth Circuit court of Appeals on November 7, 2003, which decided the appeal of the Federal District Court’s opinion in response to a summary judgment motion. That District Court opinion was vacated and the case remanded back to the District Court for a jury trial due to genuine issues of material fact.
The Court of Appeals focused on the control of the joint venture, and whether *St. David’s* ceded control to the for-profit HCA. As authority, the Appellate Court adopted the government’s arguments and relied upon *Redlands* and Rev. Rul. 98-15. Although *St. David’s* argued that the community benefit standard and the standards set forth in Rev. Rul. 69-545 applied, the Court found that area of the law was not directly on point.
The Appellate Court examined the three factors utilized in Rev. Rul. 98-15 (majority vote, charitable override and independent management) and analyzed the control that St. David’s “managed to secure” to protect is charitable mission. The Court noted the unequal bargaining positions of the parties and that St. David’s, by its own admission, entered into the partnership with HCA out of financial necessity, while HCA entered into the partnership for reasons of financial convenience.
The Court noted that St. David’s can exercise a certain degree of control over the partnership through its veto power, however, it stated that St. David’s does not control a majority of the Board. St. David’s and HCA each appoint half of the Board. The Court also stated that although St. David’s can veto board actions, it does not appear that it can initiate action without the support of HCA.
The Appellate Court, however, provided a road map for the District Court to follow to resolve the only factual issue that remained in the case: Whether St. David’s ceded control over the partnership to HCA. The instructions given by the District Court judge to the jury followed the Appellate Court’s opinion and legal standards. Excerpts from the jury instructions are as follows:
14. “Control” as used in these instructions does not mean control over every aspect of Partnership operations, but sufficient control over the partnership to ensure that Partnership operations are conducted primarily for charitable purposes, and only incidentally for the private benefit of HCA. Such control may be (1) formal control through majority voting power on the governing board; or (2) effect control through exercise of St. David’s rights, powers, or binding commitments under the Partnership agreements.
15. . . . In determining whether St. David’s retained sufficient effective control, you should consider all the facts and circumstances, including but not limited to, (i) any applicable powers or rights allocated to St. David’s in the Partnership’s governing documents, (ii) evidence of St. David’s ability and willingness, if any, to enforce any such powers, (iii) the structure of the Partnership, (iv) the management of the Partnership, and (v) the actual operation and subsequent activities of the Partnership.
The jury responded to a single interrogatory: “Do you find St. David’s proved by a preponderance of the evidence that it is entitled to a tax exemption for tax year 1996?” the jury answered “We do.”

The IRS appeal of the jury verdict was settled out of court by the parties.
New IRC Section 501(r)

New §501(r) was added to the Code in 2010 by §9007(a) of the Patient Protection and Affordable Care Act (PPACA). It imposes four requirements that “hospital organizations” must satisfy, in addition to those of §501(c)(3), in order to retain exempt status as an organization described in §501(c)(3). In other words, §501(r) imposes a new layer of requirements that nonprofit hospitals must meet in order to qualify for and retain tax-exemption.
§501(r) requires hospitals to conduct and publish a community health needs assessment (CHNA) every three years, and to implement policies regarding financial assistance, emergency care, collection and billing. The requirements are effective for tax years beginning after March 23, 2010, other than the CHNA requirement that is effective for tax years beginning after March 23, 2012. These provisions are consistent with the “community benefit” approach of Rev. Rul. 69-45.
In addition, as an enforcement tool, Congress added new §4959 to the Code, which imposes an excise tax of $50,000 for failure to satisfy certain requirements of §501(r). It also added new reporting provisions under §6033 for §501(c)(3) organizations, as well as mandated that the IRS (i) review each hospital organization at least every three years, (ii) conduct an annual review of hospital compliance, (iii) submit an annual report to Congress, and (iv) prepare a five-year report assessing certain trends in the health care sector.
The requirements of §501(r) apply to “hospital organizations” which are defined as organizations which operate a facility that is required by a state to be “licensed, registered or similarly recognized as a hospital” or any other organization that the Treasury “Secretary determines has the provision of hospital care as its principal function or purpose constituting the basis for its exemption.”
Implications for Joint Ventures

Analysis

At this point, with little official guidance, it appears that an analysis of §501(r) in the joint venture arena involves three prongs:

1. Does §501(r) apply to the hospital facilities operated by a joint venture of which a §501(c)(3) hospital organization is a co-venturer?
2. If so, does §501(r) apply to the joint venture entity or to the §501(c)(3) joint venture participants?

3. If §501(r) does apply to a joint venture entity or its §501(c)(3) participants, how does it apply and what are the consequences of noncompliance with respect to a joint venture hospital facility on the overall §501(c)(3) hospital organization?
Neither the statute nor the Technical explanation addresses the treatment of joint ventures; typically, these issues have been left by Congress to be addressed by Treasury and the IRS. A notable exception is §512(c) which contains a “look-through” rule for analyzing whether income is related or unrelated for unrelated business income purposes.
Until such time as the Treasury Department and the IRS issue guidance on the issue, it is prudent to expect the IRS to treat a hospital facility operated by a pass-through joint venture of which a §501(c)(3) is a member as operated by the §501(c)(3) for purposes of §501(r). This would require treating a hospital conducted by the joint venture as if it were conducted directly by the §501(c)(3) member, at least to the extent of its share of the joint venture. Until the IRS offers guidance, practitioners and their clients need to be aware of the risks of entering into new joint ventures.
In view of the uncertain tax planning and compliance environment, consideration should be given to including the following in documents for existing and future joint ventures involving hospital facilities:

1. provisions requiring the §501(c)(3) joint venture partner to ensure that operating entities satisfy the operational provisions of §501(r), i.e., performing and implementing a CHNA, and adoption and implementation of financial assistance, billing and collection policies at the hospital facilities conducted by the joint venture;
2. standards for formal adoption of the foregoing §501(r) compliance standards, i.e., approval by a board, management, or the owners;

3. “flexibility” clauses that permit future document modification based on new guidance from Treasury, the IRS or judicial rulings.
Ancillary Joint Venture: ASC

CAVEAT: Pension Reform bill: appraisal penalty relative to over-valuation affects joint ventures
# NMTC Program Overview Applicable to Ancillary Joint Ventures

- **The Community Renewal Tax Relief Act of 2000**
  - $19.5 billion in NMTC allocated through 2008; $3.5 billion in 2009
  - $5.0 billion in NMTC expansion (Stimulus Bill) related to 2008-2009.

<table>
<thead>
<tr>
<th>Purpose:</th>
<th>To attract investment in distressed communities and promote economic growth.</th>
</tr>
</thead>
<tbody>
<tr>
<td>What does it provide?</td>
<td>39% tax credit on the capital invested in a community development entity (CDE), over 7 years (5% in yrs 1-3; 6% in yrs 4-7).</td>
</tr>
<tr>
<td>Who applies for the credit?</td>
<td>Only a certified Community Development Entity (CDE) can apply for an allocation of federal tax credits.</td>
</tr>
<tr>
<td>Who benefits from the credit?</td>
<td>The investor/lender (typically national banks, insurance companies) making an investment in a CDE gets a tax credit of $0.39 for every $1 invested. The CDE directs capital into qualified projects or businesses. A “leveraged” structure is available.</td>
</tr>
</tbody>
</table>
| Eligible Investments: | • Low-income community businesses includes e.g. hospitals  
• Commercial or mixed-use real estate projects (at least 20% of gross income from commercial component). |
NMTC STRUCTURE

- Leveraged Lender
- Fund
- Investor
- Managing General Partner (MGP)/Managing Member (MM)
- Community Development Entity (CDE)
- Allocated NMTC
- Treasury CDFI Fund
- Charter School
- Qualified Low-Income Community Investments (QLICI)
- Qualified Active Low-Income Community Businesses (QALICB)

NMTC
- 3.9
- 10
- 8
- 2

Equity or Loan
Purchase Loan
Loan
Parameters of Exemption

Regardless of the role a §501(c)(3) organization assumes in a NMTC transaction, each role carries its own set of responsibilities.

Consequently, before entering into an NMTC transaction, a tax-exempt organization must consider whether the parameters of its exemption will permit it to perform the designated role(s). A §501(c)(3) organization may well have a significant amount of flexibility under the IRC that allows it to engage in a number of roles.
For example, the organization may be able to provide financing to a project that furthers its charitable purposes through the use of the NMTC. On the other hand, the charitable organization may develop a project with a charitable purpose that benefits from NMTC financing. Regardless of the charity’s ultimate role, the organization’s board of directors needs to be educated regarding all of the relevant NMTC issues in order to approve the transaction. In effect, all of the principles of good governance discussed in this paper must be carefully adhered to in a NMTC transaction.
Maximize Joint Venture Opportunities while Protecting Your Tax-Exempt Status

Whether your joint venture involves two nonprofits or a nonprofit participating in a venture with a for-profit entity, *Joint Ventures Involving Tax-Exempt Organizations, Third Edition,* offers advice, clearly written explanations of the most recent tax law, IRS decisions and court cases, and a comprehensive guide for use when evaluating potential new joint venture opportunities. It offers an authoritative examination of the tax law governing nonprofits, LLCs, partnerships and joint ventures, including:

- Analysis of current issues applicable to nonprofits engaging in joint ventures
- Sample joint venture policies and checklists
- In-depth treatment of relevant Internal Revenue Code sections, Treasury Regulations, IRS rulings, case law and pending legislative activity

*Joint Ventures Involving Tax-Exempt Organizations, Third Edition,* examines the liability of, and consequences to, exempt organizations participating directly and indirectly in joint ventures with taxable and exempt entities. You'll gain incisive analysis of joint ventures in numerous arenas: health care, universities, low income housing, historic rehabilitation, new markers tax credits, and international, as well as discussions and planning tools on "hot topics" such as good governance, revised Form 990 and intermediate sanctions. All in one comprehensive volume!

In short, it's the most in-depth, eye-opening discussion of this critical topic that you are likely to find in a single volume, penned by a noted expert in the field.

About the Authors:

Michael I. Sanders is a partner at Blank Rome LLP. Focusing his practice in the area of taxation, he has been recognized by Washingtonian magazine as "One of Washington's Top Lawyers" for 2007, 2008 and 2009. He is also listed as a Washington DC Super Lawyer for 2008, 2009 and 2010. Mr. Sanders is an adjunct professor at George Washington University Law School and Georgetown University Law School.
International Joint Ventures
and Real Estate Joint Ventures

By: Joseph T. Gulant
212.885.5304
JGulant@BlankRome.com

February 22, 2011
Real Estate Joint Ventures

- Are there any Special Partners?
  - Foreign partners
    - Effectively Connected Income
    - Cancellation of Indebtedness Income
    - Withholding Taxes
  - Corporate Partners
    - Branch Profits Tax
    - Tax Treaties
    - FIRPTA Issues
  - Tax-Exempt Partners
  - Other Special Partners (e.g. ERISA, etc.)
Real Estate Joint Ventures (Cont’d)

- Exit Strategies
  - What if one partner wants to sell and the others don’t?
  - Do Special Tax Allocations to retiring partners work?
  - Impact on like-kind exchanges
- TIC Interests
Real Estate Joint Ventures (Cont’d)

• Are the partners all contributing capital?
  – Treatment of Capital Interests?
  – Treatment of Profits Interests

  • Current Law
  • Proposed Legislation
  • Vesting Restrictions
  – Current Treatment
  – Proposed Regulations
Real Estate Joint Ventures (Cont’d)

• How are losses going to be allocated?
  – Depreciation Deductions
  – Will disproportionate Special Allocations be respected?
  – Basis limitation on losses
    • Use of debt allocations and debt guarantees
Real Estate Joint Ventures (Cont’d)

• What types of property will partners be contributing?
  – Tax-free contributions of appreciated property to partnerships
  – Treatment of partners contributing cash
Real Estate Joint Ventures (Cont’d)

- Joint Ventures with REITs
  - UPREIT structure
  - Tax Deferral Structures
  - Property contribution roll-ups
  - Liquidity
    - Tax Indemnity Agreements
Real Estate Joint Ventures (Cont’d)

Joint Ventures with REITs

- Publicly-Traded REIT
- Operating Partnership
- Real Estate Owners

- Cash
- OP Units
- Property
- OP Units
Use of Foreign Corporate Ownership To Make Investment in U.S. Real Estate

Diagram:

- Foreign Investors
- Foreign Corp.
  - Debt
  - Equity $
- U.S. Corp.
  - U.S. Investors
  - US LLC (real estate)
Structuring to Avoid Branch Profits Tax

Diagram:
- Foreign Investors
- Foreign Corp.
- U.S. Investors
- US LLC
Real Estate Joint Ventures

Exit Strategies

• Taxability of Distribution of Asset in Liquidation or Redemption
  – Property Distributions
    • Marketable Securities exception
    • Treatment of Cash
    • Mixing Bowl Issues
Real Estate Joint Ventures
Exit Strategies (Cont’d)

• Like-kind exchange strategies
  – What if some partners want cash and others don’t?
    • Special allocations of gain may not be respected
  – Use of TIC Interests in property
    • Step 1: Property interest to be sold is distributed out to partner wanting cash
    • Step 2: Existing partnership executes like-kind exchange strategy
International Joint Ventures

• Where is the JV going to do business?
  – Will it have income Effectively Connected with a U.S. trade or business?
  – Will all income be offshore?
International Joint Ventures (Cont’d)

• Who will be employed by the JV?
  – Tax issues if employees

• What is a contractual JV and how does it work?
  – Potentially insulate JV from tax in other jurisdictions
International Joint Ventures (Cont’d)

• Choice of Entity
  – Income deferral vs. loss availability
  – Subpart F income
• Transfers of Assets to Foreign Entities
  – Section 367(d)
    • Intellectual Property
    • Goodwill
    • Licensing rights
  – Where to place debt
    • Potential off balance sheet treatment
International Joint Ventures (Cont’d)

• Considerations for Foreign Partners
  – Tax Return Filing Obligations
    • Transparency
    • Net vs. Gross Taxation
      – Ability to take tax deductions
    • Branch Profits Tax for foreign corporations
  – Use of Blocker corporations
    • Debt/Equity Planning
International Joint Ventures (Cont’d)

- Planning for Exit Strategies
  - Equity Sale
    - Minimizing or avoiding U.S. tax
    - Capital gains
    - Effectively connected income
  - Sales of Corporate Stock vs. Partnership Interest
    - US Real Property Holding Companies
  - IPO
    - U.S. or foreign
    - If foreign, set up foreign entity to avoid Corporate Inversion
International Joint Ventures (Cont’d)

- Foreign Joint Ventures
  - Establish in Low Tax Jurisdiction
  - Good Tax Treaty Network
    - Limitation on Benefits
  - Choice of Entity
    - “Check the Box” for partnership treatment
    - Maximize use of foreign tax credits for U.S. partners
- Use of Holding Companies
  - Efficient movement of cash
- Estate and Gift Taxes
Joseph Gulant is a partner and the Business Tax Practice Group Leader at Blank Rome LLP. Mr. Gulant has considerable experience in domestic and international taxation issues. He counsels public and private corporations, partnerships, funds, real estate and maritime-related companies, tax-exempt organizations, and individuals in all aspects of United States and international tax law, including:

- mergers and acquisitions
- bankruptcy reorganizations, workouts, and restructurings
- executive compensation planning
- international tax matters including outbound stock transfers, tax havens, and treaty shopping issues
- formation, operation and acquisition of Subchapter S Corporations
- structured finance offerings such as mortgage backed bonds, credit card securitizations, conduit arrangements, and owner trust financings
- domestic and international leveraged leasing transactions
- criminal tax matters
- New Markets Tax Credit (NMTC) transactions

Mr. Gulant publishes and lectures frequently on taxation matters.
Circular 230 Notice

To ensure compliance with IRS Circular 230, you are hereby notified that any discussion of federal tax issues in this presentation is not intended or written to be used, and it cannot be used by any person for the purpose of: (A) avoiding penalties that may be imposed on them under the Code, and (B) promoting, marketing or recommending to another party any transaction or matter addressed herein. This disclosure is made in accordance with the rules of Treasury Department Circular 230 governing standards of practice before the Service.