The sweeping changes introduced by the Tax Cuts and Jobs Act have created not only significant opportunities for businesses, but also challenges and potential pitfalls. Practical Law asked leading practitioners to share their views on the implications of tax reform for multinational businesses, M&A, and private equity.
On December 22, 2017, President Trump signed into law the tax reform bill (the Act) known originally as the Tax Cuts and Jobs Act. The Act makes sweeping changes to business, international, and individual taxation. The tax changes are the most significant overhaul of the US tax code in more than 30 years.

One of the headline changes introduced by the Act is the permanent 21% income tax rate for corporations. This lower rate reduces the inefficiency of operating in corporate form and may affect choice-of-entity decisions in a number of contexts. Other significant business provisions in the Act include the:

- Limitation on deducting net business interest to 30% of adjusted taxable income. This provision applies to related- and third-party debt, and there is no grandfathering for existing debt.
- Allowance of 100% expensing for qualified property placed in service after September 27, 2017 and before January 1, 2023 (including used property acquired from unrelated parties).
- 20% deduction for noncorporate taxpayers that earn qualified US business income through pass-through entities (including partnerships, S-corporations, and sole proprietorships).

The international tax provisions contain fundamental changes to the taxation of US and foreign-parented multinationals. As part of the movement to a hybrid territorial system, the Act removes a previous deterrent to repatriating cash from foreign subsidiaries by including a participation exemption system (in the form of a 100% dividends received deduction for US corporations on the foreign-source portion of dividends from foreign subsidiaries).

There is also a one-time deemed repatriation tax imposed on US shareholders (both corporations and individuals) of certain foreign corporations that have accumulated untaxed earnings and profits. Earnings subject to the one-time tax can therefore be repatriated without any additional US tax. The Act also introduces a new base erosion and anti-abuse tax (BEAT), applicable to large multinationals, and a new tax on global intangible low-taxed income (GILTI), applicable to US shareholders of certain foreign corporations.

The Act was enacted quickly, less than three months after an outline of tax reform was made available to the public. Taxpayers and practitioners are still digesting the changes and analyzing their effects. There is much uncertainty about many of the new rules, and clarification is needed.


Kim Blanchard of Weil, Gotshal & Manges LLP discusses the impact of tax reform on multinational businesses:

**What are the most significant changes in the international tax area?**

The most significant change in the international tax area is not the advertised territorial regime. It is instead the misnamed new tax on the global intangible low-taxed income (GILTI) of US shareholders of controlled foreign corporations (CFCs). This new tax pushes the US taxation of foreign income in the opposite direction from a territorial system.

Another new tax, applicable to certain US corporations, is also a game changer. The new tax, structured as a base erosion and anti-abuse tax (BEAT), will increase the headline rate of US corporate tax beyond the advertised 21% for companies subject to this new tax.

**What impact will the deemed repatriation tax have on US multinationals in the short and long term? Will the 100% deduction for dividends from foreign subsidiaries encourage US companies to bring home their foreign cash stockpiles?**

The deemed repatriation tax will have both immediate and long-term effects on US multinationals. The immediate
impact, of course, will be the one-time tax on accumulated offshore earnings and profits, although the pain of the tax can be spread out over eight years.

The long-term impact of the deemed repatriation tax will be the creation of a large amount of previously taxed income (PTI) reflecting the full amount of earnings and profits deemed repatriated and subjected to only a relatively low US tax rate. Owing to that PTI, and to PTI created in future years through the operation of the GILTI regime, the new dividends received deduction will effectively become moot for many US multinationals because distributions out of PTI are not dividends and are not subject to tax.

Given the ability to actually repatriate offshore earnings without US tax, we may see various interest groups push for immediate repatriation of cash to US multinationals. For some US multinationals, this can present complex issues. Actual repatriation, unlike deemed repatriation, can involve foreign withholding taxes, which will generally not be eligible for foreign tax credits (FTCs) under the new rules. Additionally, any actual repatriation of PTI will result in the recognition of foreign exchange gains or losses, with those gains generally taxed at 21%.

Do the GILTI rules apply only to US corporations that own foreign subsidiaries with low-taxed income?

Despite its misleading name, GILTI is not limited to US multinationals that have parked intangible income in low-tax countries. It is a wholly new, broad-based tax on foreign income, and applies to all US shareholders of a CFC (meaning US shareholders owning 10% or more of a CFC), whether multinational corporations or individuals.

Under GILTI, a US shareholder of a CFC must include in its income its proportionate share of the CFC's GILTI. GILTI is defined to include most net income of a CFC, over a deemed return on the CFC's tangible assets. The carve-out for that deemed return is often referred to as a “sliver.” For CFCs in the services business, or that otherwise own few or no tangible assets, the sliver may well be zero. Additionally, the sliver is reduced by the CFC’s interest deductions taken into account in calculating its net income.

The net income taken into account under GILTI excludes Subpart F (generally passive) income, which remains subject to the existing rules. It also excludes income that would otherwise be Subpart F income, but falls within the high-tax exception. However, there is no exclusion for high-taxed income that would not be Subpart F income. Therefore, GILTI applies even to the active income of CFCs operating in high-tax countries. Although FTCs can reduce GILTI tax, given the manner in which GILTI is calculated, foreign taxes may not be creditable in the year that GILTI tax is taken into account by the US shareholder. Those unused credits expire each year and cannot be carried forward.

GILTI can be thought of as a limitation on the amount of foreign income that a US shareholder can defer from current US tax. It operates as a worldwide tax without deferral, exactly the opposite of a territorial regime. Although the tax rate applied to GILTI is only 10.5% for US corporations, US individual shareholders of CFCs will be fully subject to tax at rates as high as 37%, without FTCs.

Will the number of CFCs increase under the new rules? What impact will this have?

The new rules expand the number of foreign corporations that will be treated as CFCs. Beginning in 2018, the definition of CFC has expanded to include any foreign corporation of which over 50% is owned by US persons who individually own at least 10% of the corporation’s stock, by vote or by value. Prior law looked only to 10% shareholders based on voting power. Effective for the last taxable year of a foreign corporation beginning before January 1, 2018 and subsequent years, the new rules also repealed a former limitation on downward attribution of ownership. That repeal will result in, among other things, a foreign corporation becoming a CFC even if it is wholly owned by another foreign corporation, if the foreign parent owns a controlling interest in a US corporation.

The proliferation of CFCs caused by the new rules will have at least two unwelcome effects. In particular:

- Except to the extent limited by IRS guidance, the number of information returns required to be filed with respect to CFCs will substantially increase.
- Some US taxpayers who were not formerly treated as owning a CFC will suddenly find themselves subject to the subpart F and GILTI regimes, as well as the deemed repatriation tax.

Will the foreign-derived intangible income (FDII) deduction make it less attractive for US multinationals to hold intellectual property offshore?

Probably not. The deduction of 37.5% of FDII allowed to a US corporation does seem to have been designed to reward US multinationals for holding property onshore, but not just intangible property. Similar to GILTI, FDII is not limited to intangible income as typically understood. The class of favored income consists of net income (excluding Subpart F income and GILTI, among other items) derived in connection with:

- Property sold, licensed, or leased to foreign persons for foreign use.
- Services provided to foreign persons (or services provided with respect to property located outside the US).

The FDII calculation takes into account a number of variables, and will for that reason have very different effects on different taxpayers. However, on balance, it appears unlikely that the FDII regime will have much of an effect.
on the typical US multinational’s decision regarding where to own property or to provide services. The baseline tax rate on FDII of 13.125% exceeds the baseline 10.5% tax rate on GILTI. All things being equal, the new FDII rules may operate to preserve the deferral tax benefit of holding property offshore.

What changes were made to the FTC system?

The impact of the new international provisions on the ability of a US taxpayer to claim FTCs, or even foreign tax deductions, is fraught with complexity and uncertainty. The new rules have created essentially four “buckets” of income from CFCs:
- Subpart F income.
- Section 956 income (relating to investments by CFCs in US property).
- GILTI.
- Residual income.

Branch income, a fifth bucket of income created by the new rules, is not discussed here.

In theory, FTCs in the subpart F and Section 956 buckets can be used essentially as before. FTCs can be claimed against GILTI, but as explained above are quite restricted. No FTCs are allowed with respect to residual active foreign income, which can be repatriated free of US tax.

In most cases, it is unclear how foreign taxes are to be allocated or apportioned among these buckets. Additionally, the apparent operation of many of the new rules will cause FTCs to be stranded or worth much less than they were under the old rules. Absent careful planning (including check the box elections), some US taxpayers operating outside the US will find that their effective tax rate, after taking into account non-creditable foreign taxes, has actually increased.

Will the BEAT make US companies less attractive targets for foreign buyers?

Given the unpredictability of the BEAT, it is too soon to say what effect it might have on acquisitions. Although aimed at foreign multinationals, the BEAT applies equally to payments made by a US corporation to any foreign affiliate. Its definition of covered base eroding payments includes all payments to related foreign persons, whether they are in fact “base eroding” and even if the foreign recipient is fully subject to US or foreign tax on the payment. It even includes depreciation and amortization on property purchased from related foreign persons. The BEAT is like shrapnel. It is likely to be devastating when it hits you, but benign if it misses, and no one seems to know exactly who will be hit.

The BEAT is not an alternative tax. It is an incremental, add-on tax. When it applies, it can have effects that do not appear to have been intended by the drafters of the legislation. The BEAT can be especially harsh on companies that earn income at only marginal rates, and on taxpayers with net operating losses (NOLs). That is because the tax amount is equal to the excess of a percentage of modified taxable income (regular income, adding back the benefit of all base erosion payments and an allocable share of NOLs) over the taxpayer’s regular tax liability reduced by most credits. Therefore, if the taxpayer’s regular tax liability is low or zero, the BEAT is likely to apply.

The BEAT applies only to an applicable taxpayer. It is well understood that the statute’s definition of applicable taxpayer needs a lot of work. The general idea seems to be that the BEAT should apply only to large corporate groups in any year in which a threshold amount of deductions are for payments to related foreign persons. The threshold (generally met if 3% or more of the taxpayer’s deductible payments are made to related foreign persons) creates a cliff effect. You are either in or out of the BEAT in any given year, depending on whether that threshold is met.
Ron and Davis discuss the impact of tax reform on M&A:

What are the most important tax law changes impacting M&A?

The M&A landscape is affected on many levels, for example:

- The repatriation of cash has made available vast sums of cash, which can either be used in acquisitions, or in stock repurchases that often increase the value of stock (and therefore the value of acquisition currency).
- The decrease in the corporate income tax rate to 21% is likely to increase the after-tax value of synergies, and the availability of immediate write-offs for certain types of capital expenditures (including for acquired property) may make certain types of asset deals more attractive.
- The tax changes are likely to create winners and losers among different sectors and within each sector, and motivate transactions as assets, companies, and structures are “repriced” in accordance with the new tax regime.
- The limitations on interest deductibility may cause companies to reconsider the use of leverage in deals (potentially offset in certain situations by the availability of previously inaccessible offshore cash), and there may be a realignment of the relative strengths of financial versus strategic players.
- The international tax regime has significantly changed, impacting the considerations relevant for cross-border deals.

These are just some of the highlights of the potential impact of tax reform. As tax reform works its way through the economy, there may be additional changes to the M&A landscape.

Will the immediate expensing of property acquired before 2023 encourage more asset acquisitions?

Immediate expensing very well could encourage more asset acquisitions. However, there are some important caveats.

Immediate expensing applies only to tangible depreciable property that was previously eligible for bonus depreciation.

For many mergers and acquisitions, the appreciation in value may be more likely attributable to goodwill, brand, or other intangible assets that are not subject to the immediate write-off regime. In these cases, the new rules of immediate expensing would not be relevant.

Even in situations where immediate expensing would apply, the upfront tax cost (for taxable gain) to the seller would equal the upfront benefit (of the immediate write-off) to the buyer, assuming the same marginal tax rate. If the buyer pays the full benefit to the seller, it would make the seller indifferent to whether the transaction is taxable or tax free, but that does not make a taxable transaction necessarily more attractive. Similarly, the seller may be better positioned to bargain to be paid upfront for the tax benefit, reducing the attractiveness of an asset sale to the buyer.

However, with respect to the existing basis of the seller, the buyer could potentially obtain an immediate write-off with no upfront cost to the seller. This timing benefit (accelerating what the seller would otherwise amortize) could be relevant if the existing tangible basis is large.

How will the new interest deduction limitation and other changes affect financing for M&A?

The 30% limitation on net interest deductions under revised Section 163(j) of the Internal Revenue Code (IRC) could have a significant impact on financing. Its short-term effect may be mitigated by the availability of cash (from deemed repatriated amounts, and from a still fairly low interest rate environment).

Going forward, we may see new strategies to try to avoid the limitation, including using preferred partnership interests, sale leasebacks, and other ways to avoid interest income in favor of other types of income. Furthermore, as the interest deduction limitation decreases the tax subsidy for the cost of debt capital more generally, there may be greater overall interest in the use of non-debt instruments, such as preferred equity, to finance acquisitions. Finally, because strategic buyers tend to be less affected by these limitations than financial buyers, the changes to IRC Section 163(j) could also have an effect on auctions and similar situations.
What is the impact on structuring cross-border combinations?

There is considerable impact on structuring cross-border combinations. The reduction in tax rates and the institution of the base erosion and anti-abuse tax (BEAT) and tax on global intangible low-taxed income (GILTI) mean that some of the traditional synergies in cross-border deals may be reduced or eliminated. In particular, the interest deduction limitation under IRC Section 163(j) and the BEAT could significantly impact how financing should be done for cross-border acquisitions.

Are the tax law changes favorable or unfavorable to non-US companies considering investment in the US?

The most favorable tax law change is, of course, the reduction in the corporate income tax rate to 21%. Otherwise, the BEAT and tax on GILTI introduce significant complexities in analyzing the financing and ongoing operating structure of an investment in the US.

Many of the pre-tax reform issues and taxes facing non-US investors remain unchanged, but may need to be re-examined in the context of tax reform. For example, while the default outbound withholding tax rate remains 30%, the changes in other rates and provisions could upend previously settled practices. To illustrate, leveraging up a US blocker corporation may be a bad idea if the taxpayer is trading a 21% deduction for a 30% withholding tax.

What additional factors should buyers consider in the tax due diligence process?

The importance of tax diligence will become more acute, especially in the short term, because many systems, books, and records have not yet been updated to reflect the new system. For example, a corporation may have more controlled foreign corporations (CFCs) than previously expected because of changes to the attribution rules, and with respect to deemed repatriation, the calculation of offshore earnings and profits is notoriously difficult. Buyers need to invest in tax diligence early and comprehensively so that these issues are uncovered (rather than rely on accounting diligence).

Will UP-C structures become more popular?

UP-C structures are already popular and may become more so. They have the flexibility to issue preferred equity interests, which can mitigate interest deduction limitation issues under IRC Section 163(j), and to allow the principals potential qualified business income deductions under IRC Section 199A (not to mention potential avoidance of IRC Section 162(m) limitations on excessive employee compensation).

How do the changes affect inversions?

Inversions commonly refer to a situation where a bigger US company combines with a smaller foreign company, but the parent company for the combined entity is domiciled outside the US. That is not an unusual fact pattern and will continue to arise. What has changed is that the US, given the decrease in tax rates, may become a more eligible candidate for the location of the parent company. There are some obstacles to the US becoming the ideal location for the parent company, however, including that:

- The lower US corporate income tax rate is still not as low as some other popular jurisdictions, for example, the UK (19% currently, decreasing to 17% by 2020) and Ireland (12.5%).
- The cross-border regime under the new tax law is not a conventional participation exemption system (for example, sales of foreign subsidiaries are not exempt from tax for a US parent), and the GILTI and BEAT regimes are novel, complicated, and untested. Many commentators argue that the US has established, except for a 10% return on tangible assets, a full anti-deferral system for offshore earnings (although at lower tax rates).
- The stability of the new tax regime is unknown and questions about future political realignment in the US abound (especially in light of recent experience). There is therefore uncertainty regarding whether tax costs under current law can be “modeled” out for future years for making long-term investment decisions.
- Once a company is incorporated in the US, it is still generally difficult to change to a foreign entity without US tax consequences.

For these reasons, a foreign-parented combination will continue to be common in cross-border deals. However, tax reform increased the penalties on so-called “surrogate foreign corporations” (where the US company accounts for between 60% and 80% of the combined company, speaking generally and abstracting from the extremely complicated rules for counting ownership in this area). For these companies, “inverting” could invite an immediate “recapture” tax on earnings that are deemed repatriated at the low rate allowed by tax reform, result in much worse BEAT consequences (for example, intercompany “cost of goods sold” could be treated as base erosion payments), and prevent dividends from qualifying for the lower capital gains rate.

However, combinations that avoid the surrogate foreign corporation designation (where the US company accounts for less than 60% of the combined entity, as in a merger of equals) will avoid these additional penalties, and will continue to enjoy some of the advantages of having a foreign parent (although, as discussed above, some of these advantages have been reduced or eliminated).

Will the changes lead to fewer tax-free spin-offs?

Tax-free spin-offs achieve tax savings at both the entity and the shareholder levels. The benefit of the tax savings at the entity level has decreased (for example, compared to
a sale of the subsidiary, possibly at a premium). However, that does not mean that tax-free spin-offs will not remain important.

For example, sometimes there may not be a suitable buyer for a subsidiary, and therefore a spin-off is the only transaction that makes sense from a commercial perspective because a spin-off is still more cost-efficient than a taxable dividend. In other situations, the motivation for a tax-free transaction is the tax cost to the shareholder (especially for founders or other significant shareholders that may have a low basis).

Eric and Isaac discuss the impact of tax reform on private equity:

**What are the most significant tax law changes affecting private equity?**

Tax reform affects the private equity industry at every level, including the managers, the investors, the fund, and the portfolio company. There might not be any other industry feeling the effect of tax reform more broadly than private equity.

It is hard to predict which of tax reform’s impacts will be the most significant, but the limitation on deductibility of business interest is one of the most important changes because of its interaction with the leveraged buyout (LBO) model. Other significant changes include the new carried interest provision, the new pass-through deduction (although its benefit to private equity may be limited, at least with respect to managers), the changes to the use of net operating losses, the reduction of the US federal corporate income tax rate to 21%, and the international provisions.

**How will the limitation on deducting business interest affect the structuring of private equity investments or acquisitions?**

The new interest deduction limitation, with deductions capped at 30% of adjusted taxable income, will impact both new acquisitions and existing investments. There is no grandfathering rule, so companies recently purchased in LBOs may be subject to the limitation. New LBOs may also run up against the limitation, although depending on the structure of the investment disposition, the limitation may be a timing detriment as opposed to a permanent disallowance. The limitation may have a greater impact beginning in 2022, when adjusted taxable income is computed with deductions for depreciation and amortization.

Of course, the LBO model is not driven solely by the tax shield generated by interest deductions. Wholesale changes in private equity acquisition structures are unlikely, but the industry may consider a new mix in the capital structure, perhaps with preferred equity or other instruments replacing some amount of what would have been debt in a pre-tax reform capital stack. Equity instruments may create issues for the holder, however (for example, effectively connected income), and the market is still digesting these potential changes.

**Will the immediate expensing of qualified property offset the effect of the new limitations on interest deductibility?**

Immediate expensing could offset the cash flow impact of the new interest limitations for certain portfolio company acquisitions, but not necessarily in every deal. For stock acquisitions that do not provide the buyer with an increase in the basis in the target company’s assets, there is no expensing benefit. Acquisitions of a target company, even if...
structured as an asset sale for tax purposes, will generally not result in an immediate expensing benefit if much of the target company’s value is tied to intangible assets such as goodwill.

Capital-intensive going concerns (such as manufacturing or other heavy industry) could, however, see a real cash flow benefit from the new immediate expensing rules, which could more than offset any loss of interest deductions. However, the potential for a positive cash flow impact from immediate expensing derives from a timing benefit (in other words, what used to be depreciable over time is now currently deducted), while interest expense limitations are, in some cases, going to be a permanent detriment.

**How does the reduction in the corporate income tax rate affect choice-of-entity decisions for private equity investments?**

Corporations are now a more attractive form for investments. The key factors in deciding whether to use a corporation are:

- The distribution policy (the more free cash flow is reinvested in the business, the more efficient a corporate structure looks).
- The investment horizon (the longer the better in terms of increasing the tax efficiency of the corporate structure).
- Eligibility for the pass-through rate (which favors a pass-through entity).
- The ability to use the cash that might have otherwise been distributed in the business (a corporation that retains earnings runs the risk of being subject to the “accumulated earnings tax” or possibly being treated as a personal holding company in certain circumstances).

Although a corporate form does not make sense in every context, the right circumstances definitely exist. For example, the stock market seems to have reacted favorably to Ares Management, L.P.’s recent announcement that it will convert to corporate form, although there may have been other factors at play.

Investing through corporate blockers will certainly become more tax efficient as a result of the rate reduction.

**Will private equity fund investors be able to benefit from the 20% deduction for qualified business income?**

The deduction for qualified business income could lower the effective tax rate for investors taxed as individuals on income from US portfolio companies that are operated in pass-through form. The deduction may be limited, however, based on an investor’s individual circumstances, as well as the US wages paid by the business.

The deduction generally does not apply to income from “specified service businesses,” including businesses where the principal asset of the trade or business is the reputation or skill of one or more of its employees, including income from investment management businesses. The scope of the specified service business exception is unclear, for example, the language could be read to include nearly every type of business, and guidance is badly needed in this area.

**Will the new net operating loss (NOL) rules impact how, and whether, sellers are compensated for tax benefits arising from transaction-related tax deductions?**

Whether, how, and when a seller is compensated for tax benefits arising from an acquisition, or pre-existing tax benefits (including NOLs) that the buyer may be able to use, are always a point of negotiation. The lower corporate tax rates mean, as an initial matter, that deductions are less valuable on a dollar-for-dollar basis, so the dollar amount at stake from these tax attributes has been reduced from a pure value perspective.

However, the elimination of NOL carrybacks means that sellers will no longer be able to seek refunds of pre-closing taxes as a result of transaction tax deductions, and instead may increasingly demand compensation from buyers for the use of loss carryforwards. The taxable income limitation on the use of NOL carryforwards and the indefinite carryforward could result in a longer time horizon for compensation for the use of these losses, which some buyers may resist.

**Is the carried interest provision expected to have an impact on private equity fund managers?**

The carried interest provision may have more of an impact on private equity than originally anticipated. The provision essentially requires a three-year holding period for a manager to be allocated long-term capital gain in respect of its carried interest. A number of initial reactions to the carried interest provision noted (correctly) that the private equity investment horizon is generally longer than three years, so the impact may be felt more strongly by other asset managers. However, private equity funds are generally opportunistic buyers and sellers, and a number of private equity investments are disposed of within a three-year period. Like most of the new tax law, the provision was drafted quickly and is in need of clarification.

**Will the one-time deemed repatriation tax affect private equity funds with foreign investments?**

For private equity funds with foreign portfolio companies, the deemed repatriation tax applicable to previously untaxed offshore earnings and profits could apply to US investors. The deemed repatriation tax targets significant (10% or greater) shareholders of controlled foreign corporations (CFCs) and certain other foreign corporations. However, as drafted it may impact US investors with a smaller indirect ownership percentage if the fund is organized as a US partnership or limited liability company.

The increase in the number of CFCs as a result of changes to the stock attribution rules, made effective for 2017, increases the potential for private equity fund investors...
to be affected by this tax. Because the income inclusion is calculated based on a deduction referencing corporate tax rates, individual US investors subject to the tax will generally pay higher rates than the advertised 15.5% rate (for earnings held in cash and cash equivalents) and 8% rate (for other earnings).

**Are there new considerations for structuring foreign investments?**

There are no bigger changes in tax reform than to the international tax system, and the area is filled with planning opportunities and pitfalls. The new participation exemption regime, which allows tax-free repatriation of money held in US subsidiaries, and therefore eliminates the incentive to park cash overseas, only applies to significant (10% or greater) US corporate shareholders. For that and other reasons, it may be beneficial to hold significant interests in asset-heavy foreign corporations through a US corporation, where in the past a pass-through entity may have served as the holding company.

The base erosion and anti-abuse tax (BEAT), tax on global intangible low-taxed income (GILTI), and deduction for foreign-derived intangible income (FDII) will affect structuring for acquisitions and tax planning for portfolio companies. Portfolio companies with significant intellectual property will need to analyze where the property should be owned in light of these new rules.

**Are US companies now more attractive investments for private equity funds?**

Yes, as compared to pre-tax reform. The lowering of the corporate rate, the immediate expensing of capital expenditures, and the “quasi-territorial” international tax regime should improve the after-tax returns of investments in US companies. However, the new rules come with big uncertainties, including:

- How the IRS will fill in the gaps left by the drafters.
- How other countries’ tax authorities will respond to the changes in US tax policy.
- Whether there will be future policy changes that will counteract some of the positive changes to the tax law.

A more difficult question is whether tax reform makes the US a better jurisdiction in which to invest relative to other jurisdictions. The US tax system remains incredibly complex, and the application of the new tax law is filled with uncertainties. Fortunately, tax is only one of many considerations for investors.

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