



Will the final GILTI calculations give your company a tax refund?

Are you owed a tax refund? The importance of modeling the GILTI High Tax Exclusion

On July 20, 2020, the U.S. Department of the Treasury and the Internal Revenue Service issued the final regulations regarding the election to exclude high-tax Global Intangible Low-Taxed Income (GILTI) from a U.S. shareholder's gross income. The final guidance includes elements similar to the proposed regulations with adjustments that make the election retroactive to prior tax years.

As is the case with many Tax Cuts and Jobs Act (TCJA) provisions, it's important to model the impact of the election when evaluating whether it is beneficial to apply the GILTI high-tax exclusion. That's why there is a growing need for an integrated solution that addresses the complex U.S. international outbound rules. These rules include not only the TCJA GILTI, but also the FDII and BEAT calculations as well as the legacy Subpart F, Foreign Dividends, and U.S. FTC calculations.

Why spreadsheets are not enough

While many organizations rely on spreadsheet models to do the U.S./ International calculations, the reality is that this approach:

- Requires significant manual work and maintenance and creates the potential for human error.
- Lacks adequate controls and protocols.
- Makes the individuals who update the spreadsheets responsible for reviewing and accurately applying the law and ensuring all information is up to date and accurate.
- Is ineffective when updates are complex and occur frequently.
- Lacks the capabilities necessary for complex calculations such as those required under the TCJA.
- Is dependent on staff members' legacy knowledge, which is lost when they leave the organization.

By moving to a more established and automated method, multinational organizations benefit from a streamlined and connected process that syncs with their ERP system, their 1120 XML, tax return and tax provision software. Synergy between systems allows more time to review and optimize calculations. Plus, it minimizes the risk of error inherent with spreadsheet-based processes.

Simplifying the complexity

Given the complexity of evolving international tax provisions, requiring new model builds for each new calculation can put a strain on existing resources and processes — but there is a better way.

[ONESOURCE® International Tax Calculator](#) is an integrated solution for the complex U.S. international outbound rules including the TCJA GILTI, FDI and BEAT calculations and the legacy Subpart F, Foreign Dividends, and U.S. FTC calculations.

When it comes to navigating the tax saving opportunities introduced by the final GILTI High Tax Regulations, ONESOURCE International Tax Calculator removes GILTI income from controlled foreign corporations (CFCs) where the effective tax rate is greater than 18.9%. By efficiently importing the data from [ONESOURCE Tax Provision](#) (or any comparable product), the software runs the calculation, and exports the result to your domestic provision or to [ONESOURCE Income Tax](#) to file your refund request. There is no need for an entirely new workflow to complete the GILTI calculations.

Think of it like an engine that enables your organization to plan and run scenarios to help your tax department model what your quarterly provision will look like. At year end, results can be utilized within ONESOURCE Income Tax. With

the gears working in conjunction with one another throughout the year, this collaborative tool enables your organization to plan, anticipate, and get ahead to make the most of your tax position.

The calculator also has robust cash tax planning capabilities that allow you to not only address your financial reporting requirements, but also minimize taxes in planning for the future.

A unique integration boosts insight and knowledge

Perhaps the most unique feature of the ONESOURCE International Tax Calculator is that it integrates with [Checkpoint®](#) for direct links to tax rules including specific IRS regulations and relevant commentary, bringing education and knowledge into the calculation process.

Further, implementing ONESOURCE International Tax Calculator is a guided process, with a [full support team](#) to help you in uploading files, mapping workflow, and understanding how the calculations apply to downstream reports. With a growing library of resources and empowerment tools, the shift to ONESOURCE International Tax Calculator is tried and trusted.

When it comes to workflow, understanding your entity structure is one of the most important elements. It's all about knowing your global legal entities, where your company has global and tangible low tax income, and the countries in which you operate. From a data file standpoint, trial balance information and standard financial operating system files are all you'll need to get started.

ONESOURCE International Tax Calculator is software agnostic and can be added to any tax provision software. You can even use a prior year e-file by uploading the XML and the software will extract the relevant data.

A constant in an ever-changing tax landscape

The ONESOURCE International Tax Calculator is a comprehensive, intuitive application designed for today's multinational tax department. When it comes to addressing the challenges of an evolving global tax environment, it can help your tax department make strategic tax decisions and focus your time on proactively helping your organization drive ROI.

So, before reporting to the SEC and IRS this year, take advantage of running your numbers through a parallel process to confirm your eligibility for a GILTI High Tax Election refund. Plus, with a full set of U.S. outbound calculations and all new required TCJA international calculations, the ONESOURCE International Tax Calculator can easily integrate and automate your tax provision process to ensure your organization makes the most advantageous tax decisions for your business all year long.

Learn more at tax.thomsonreuters.com/en/onesource/international-tax-calculator.

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