



US corporates in the UK

**Core propositions for US businesses with
UK subsidiaries or UK investment plans**

KPMG UK (Americas) Inc.

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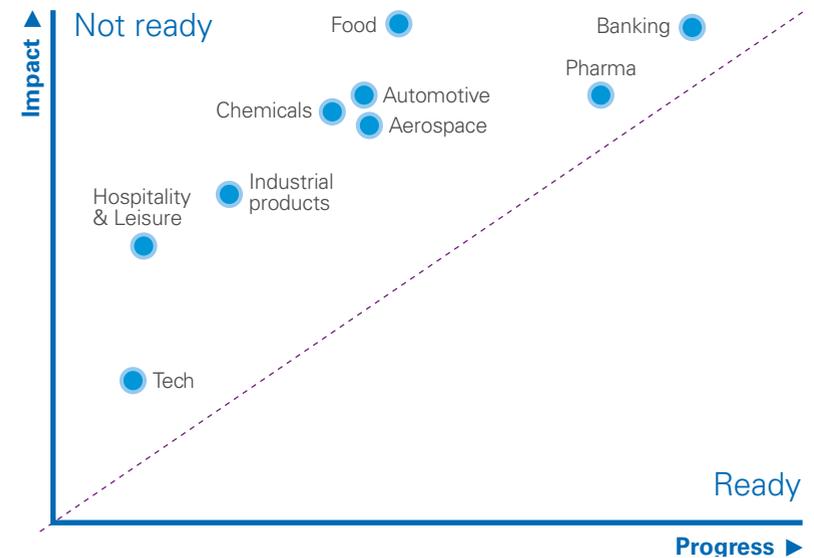


Manage the Brexit process

Exposure analysis: A complex matrix

	Successful negotiation	Acceptable deal	Mitigated No deal	No deal
Tax and tariffs	Low or no tariffs.		Revert to WTO rules.	
Disruption	Transition to low-friction customs processes.		Dover congested. Interim agreement on air travel prevents worst disruption.	Extensive delays at land and maritime borders. Unpredictable effects.
Market access/legal	Best case: Services maintain access via equivalence.	Low impact on goods trade Divergence impairs access for those services not in FTA.	Steady state preserved but will diverge over time.	Extensive delays at land and maritime borders. Unpredictable effects.
People	Existing EU nationals have lifetime rights. Future EU and non-EU migration more challenging.			Restricted migration. UK less attractive to talent.
IT	Minimal changes.	Changes with transition period to implement.	Short window to prepare for changes.	Significant disruption. Likely industry capacity challenge.

Sectors: Impact vs. Progress



Supply chain	Tax	People	GDPR	Assurance
<ul style="list-style-type: none"> Assess your suppliers by using Supplier Risk Mitigation to identify key supplier categories most at risk Review contracts throughout the supply chain to ensure suppliers are able to provide goods/ key services Develop a shadow supply chain of domestic or ROW alternatives Review warehousing and third party logistics provision (including staff) 	<ul style="list-style-type: none"> Model the potential impact on your company's duty and VAT profile Consider the impact of new customs barriers Use AEO/Trusted Trader routes to obtain relief on VAT whilst fast-tracking goods through borders Deploy a 'wave through' strategy to clear goods by selecting and implementing appropriate customs declaration/duty management software 	<ul style="list-style-type: none"> Assess the impact by understanding the legislation and how it impacts your workforce Deploy the KPMG Bio tool, an e-learning tool which allows employees to self-assess their status and provides guidance on next steps Deploy a global strategy to review the shape of your workforce and use future workforce planning to consider alternatives e.g. automation, AI Use alternative resourcing options – win the competition for top talent by adapting reward structures, think beyond the EU 	<ul style="list-style-type: none"> Deploy cloud based solutions to manage data across the data lifecycle Align GDPR/E-privacy regulation with your business strategy to ensure you adapt to regulatory changes Use GDPR as an opportunity to build sustainable solutions via the Privacy App Use data to drive innovation – by creating a data-engaged business which can unlock insight to drive improved decision making 	<ul style="list-style-type: none"> Undertake a Brexit Maturity Assessment to assess your exposure Develop a Brexit roadmap to identify the levels of assurance needed whilst retaining a balance on exploring new opportunities Deploy a Brexit healthcheck which addresses each category against a framework to provide an action plan on priority areas



Developing the right international tax structure



Entity set-up and maintenance

- Entity incorporation
- On-going compliance
- Immigration



UK as a holding company jurisdiction

- Attractive location to build substance
- Large network of double tax treaties
- Territorial tax system



UK as a European sales principal

- UK government committed to lowest tax rate in G20
- Good connectivity and ease of doing business



UK as a RoW IP warehouse

- Tax incentives (R&D, patent box)
- Extensive network of double tax treaties
- Supportive IP tax regime (e.g. can acquire IP at FMV)



Cash repatriation

- Advice on dividend blockers and distributable reserves



Tax governance

- Senior Accounting Officer
- Publication of tax strategies
- Corporate Criminal Offence
- Gender Pay Gap Reporting



M&A

- Consideration of appropriate structure
- Advice on the recently extended participation exemption for share disposals
- Advice on tax deductibility of interest
- Legal entity reduction



Brexit planning

- Supply chain solutions
- Mitigation strategies for loss of access to EU Directives
- Workforce management support



Other

- Managing and administering withholding tax
- Share incentive plans

Acquire in or divest from the UK

Explore

- Answer the what, where and how questions through market research, economic and comparative analysis to develop optimum market entry strategy.
- Explain how legal, tax and structure questions are crucial to future success.
- Detailed contractual support for JVs, alliances or UK acquisitions.

Develop

- Integration approach including culture, people, synergy assessment and achieving post deal value.
- Solutions to support with managing an international business including workforce mobility-tracking and compliance, appropriate transfer pricing arrangements, suitable funding arrangements, cash and treasury management and supply chain resilience.

Govern

- Manage exposure to UK contractual and regulatory regime.

Evaluate

- Invest further in high performing businesses and transform under-performing ones by assessing strategic options.



Assess

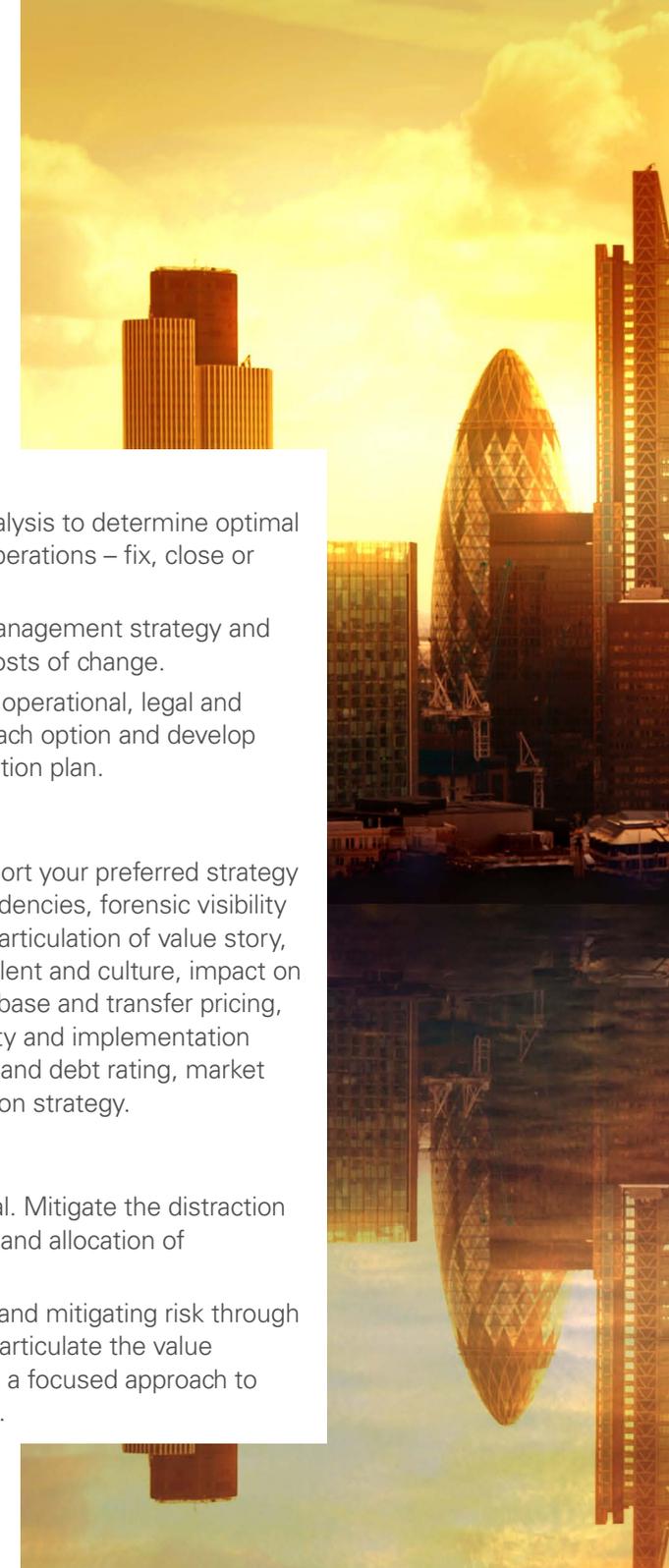
- Strategic options analysis to determine optimal future state of UK operations – fix, close or sell.
- People and talent management strategy and potential stranded costs of change.
- Determine financial, operational, legal and tax implications of each option and develop detailed implementation plan.

Consider

- Practicalities to support your preferred strategy including interdependencies, forensic visibility of the numbers and articulation of value story, impact on people, talent and culture, impact on group structure, tax base and transfer pricing, separation complexity and implementation costs, impact on EV and debt rating, market reaction and mitigation strategy.

Focus

- On business as usual. Mitigate the distraction by clear governance and allocation of resources.
- On protecting value and mitigating risk through the process. Clearly articulate the value opportunity and take a focused approach to management issues.

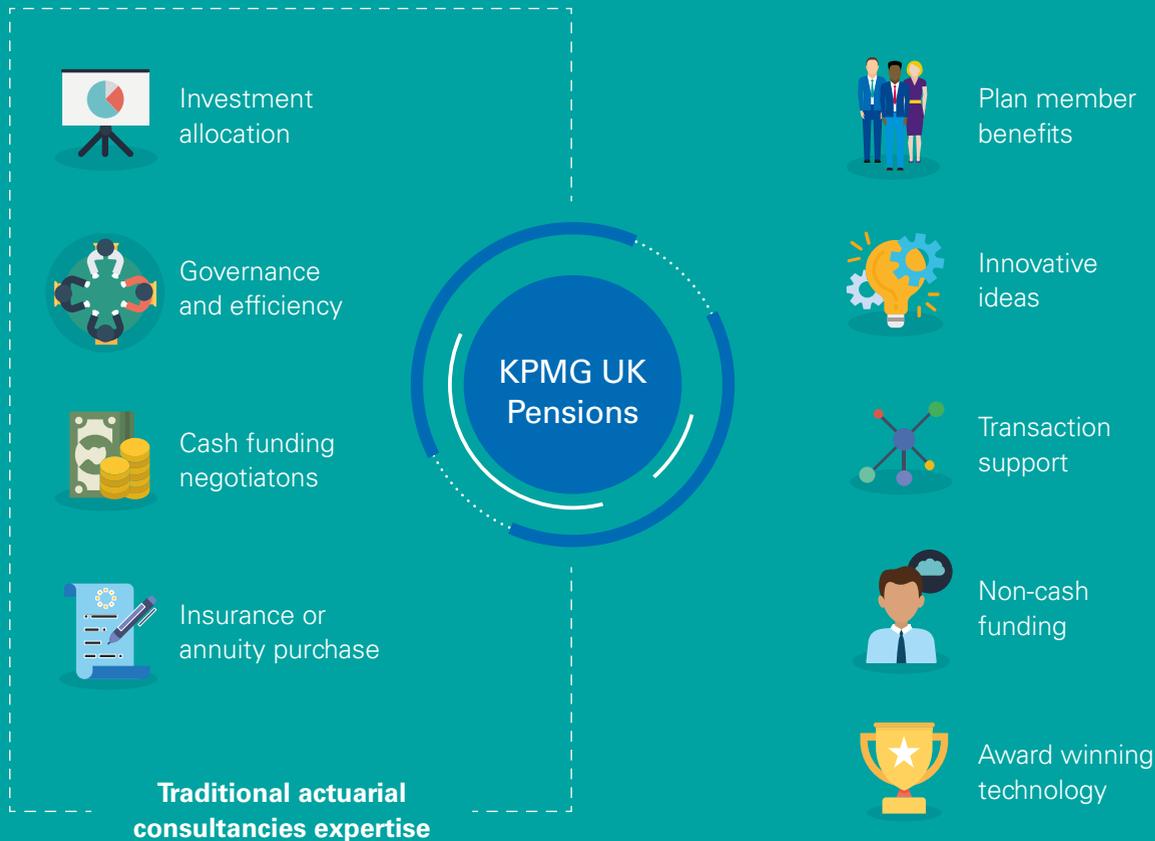


De-risk legacy UK pensions issues

Providing solutions for UK DB plans

The UK pensions team has ideas that may not be known to many US companies

Lots of levers to pull but which ones and when? Getting these right are multi million \$ decisions



Case study

Issue

- £800m UK DB Plan with deficit of over £200m
- Heavy scrutiny from the UK Pensions Regulator
- UK Pension Plan demanding most of cash from UK business restricting level of dividends paid to US parent

KPMG support

Innovative ideas



Cash funding negotiations



Key success in eyes of US parent

- KPMG UK identified opportunity to reduce pension liability by £100m (never raised by incumbent adviser)
- To challenge Trustees/Regulator
- Cash costs reduced by over £50m
- Effective collaboration with UK FD and acceptable package agreed with UK Trustees and UK Pension Regulator

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