



IDEAS | PEOPLE | TRUST

US ADVISORY SERVICES

OUR PEOPLE CAN
GROW YOUR
BUSINESS





WHY US?

THE US
CONTRIBUTES
ON AVERAGE
\$20.5 TRILLION¹
GDP TO THE
GLOBAL ECONOMY

STILL THE LARGEST
ECONOMY
OF THE WORLD
CURRENTLY
GROWING AT **3.1%**²

LARGEST
CONSUMER³
\$20 MARKET WITH
TRILLION IN GBP AND
327 MILLION
PEOPLE

ECONOMIC OUTLOOK

The US remains the world's largest economy. It accounts for nearly a quarter of global Gross Domestic Product (GDP) and attracted a staggering \$319 billion in 2018 resulting in a total FDI of \$4.34 trillion. Recent tax reforms, the introduction of business-friendly policies and growing oil prices are all factors boosting the US economies.

The US is a good place to start and grow businesses. It has a very well developed venture capital and funding community with a healthy appetite for new ideas and risk-taking. You will also find the people you need to grow your business - there is a vast pool of talent, across many sectors.

Despite our common language, the challenge is that the US varies enormously from region to region. The East and West coast differ enormously and so does the mid-west. Knowing your market and understanding how your product or service matches constantly changing consumer needs is crucial. You will also need to understand how doing business is different from state to state.

The US is the UK's top trading partner accounting for nearly 15% of exports, worth more than \$60billion. You will not be blazing a trail into the unknown.

We have been supporting clients doing business in the US for many years. Over 15 years ago, our clients started benefiting from our coordination of our services through our US Advisory Service. Our clients use us to help meet their financial reporting requirements, related to tax and preparing and converting financial statements to US Generally Accepted Accounting Principles (US GAAP).

We also provide expertise covering the potentially complex dynamics of the US capital markets. It is important to understand political, economic and corporate events that drive market volatility and direction. We are experienced in advising on the regulatory tax, accounting, valuations systems and controls issues facing capital market participants.

Whatever challenges and opportunities you are looking at in the US, you can rely on our expertise and local knowledge to help you achieve your goals. Our team all have extensive experience of supporting business to establish themselves. We also have considerable experience in providing solutions to industry issues, helping firms survive and grow in a market with huge potential.

¹ Foreign Policy 2017

² Bureau of Economic Analysis (2018)

³ tradingeconomics.com

⁴ IMF, World Investment Report 2017 ©UNCTAD

CREDENTIALS

FROM UK TO US

SPECIALIST AERONAUTICAL COMMUNICATIONS ORGANISATION

£500m turnover

BDO supported the client's global finance and tax teams with a statutory compliance service including the preparation of financial statements, Corporate Income tax and VAT returns, spanning 123 countries. BDO also supported the client with many advisory projects and their transition from local and regional finance teams to a global SSC model in Prague, through the provision of resource and financial processes support.

A GROUP OF MICHELIN STAR RESTAURANTS

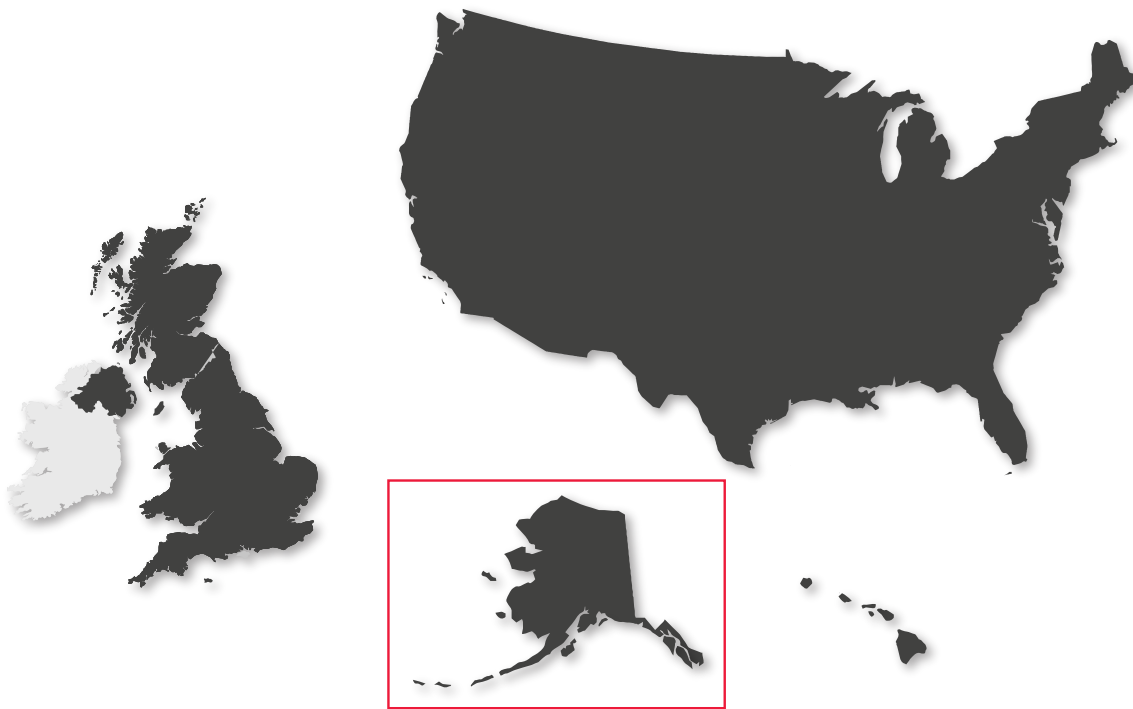
\$300m turnover

We supported a global restaurant and hospitality group, with their core operations in London and Las Vegas, with assurance, advisory and tax services by a dedicated UK/US sector team.

A PRIVATE MEMBERS' CLUBS

£360m turnover

A global members club established in London, now operating through a number of clubs in the US, continental Europe and Asia, were supported with assurance and tax services by our sector experts.



A SOFTWARE AND SERVICE PROVIDER IN THE GAMBLING INDUSTRY

€800m turnover

BDO was engaged by this group to provide tax advice on setting up a US sub-group and entering into a US joint venture providing software and services in the gambling industry.

A GLOBAL MANUFACTURING COMPANY

£200m turnover

We advised this manufacturing company on a transaction to acquire full control over US operations, including sales and distribution activities.

GLOBAL ACQUISITION SUPPORT

\$1.3bn turnover

BDO was engaged to provide due diligence and tax structuring services for an acquisition, to enable our client to extend its global reach to the US.

CREDENTIALS

FROM US TO UK

A LEADING ENTERTAINMENT COMPANY

£500m turnover

We support a leading producer of football/soccer cards and other sports and non-sports themed cards with assurance, advisory and tax services with a dedicated UK/US sector team.

A GLOBAL PHARMACEUTICAL DISTRIBUTOR

£5m turnover

BDO assurance, tax and advisory teams are engaged to deliver local compliance and ad hoc advisory services to an acquisitive supplier of dental, veterinary and medical products across the UK.

ENTERPRISE VISIBILITY AND DATA CAPTURING TECH FIRM

£3.7bn turnover

BDO's Global Outsourcing team provided assistance across Europe and Asia consolidating multiple financial suppliers into one coordinated solution for statutory accounts, direct and indirect tax compliance and payroll services supporting a \$3.7bn business through rapid growth and acquisition.

A LEADING UK PROVIDER OF DEBT RECOVERY

£225m turnover

Our UK Financial Services team provide assistance across Europe for the statutory IFRS audit, US GAAP group reporting and Sarbanes-Oxley reporting for a significant component of a US-listed parent company, coordinating the audits across Europe supporting a business with £225m turnover and £1.3bn asset base in the debt management industry.



GLOBAL SUBSEA ENGINEERING CONSULTANTS

£170m turnover

BDO provide audit and assurance services in support of BDO USA's audit of a listed company, with various financing transactions together with performance of local statutory audits.

A COOKWARE MANUFACTURER AND RETAILING GROUP

\$110m turnover

BDO was engaged by a US-based cookware manufacturer and retailing group looking to establish a presence in the UK as a route in to Europe. We helped the group to incorporate a UK entity, provide PAYE, VAT, and corporate tax and financial statement support as well as determine appropriate transfer pricing methodology for intercompany transactions.

A GLOBAL MARKET RESEARCH COMPANY

\$50m turnover

BDO was engaged by a US-based market research company to review their existing European group structure and undertake a reorganisation to establish a single European holding company owning all of the existing European entities.

EXPANSION INTO THE US KEY CONSIDERATIONS

HOLISTIC APPROACH

EXPERIENCE

US
MINIMISE RISK
MAXIMISE
OPPORTUNITIES

COLLABORATION

UNDERSTANDING DOING BUSINESS IN THE US

- Capital market transactions
- The regulatory environment
- Tax structuring
- Transfer pricing and import duty study
- US GAAP
- Audit requirements
- Sales and local tax
- Expatriate tax

ONGOING OPERATIONAL SUPPORT

Establishing a presence is the first part of the journey. Successfully managing your local business is an ongoing challenge. We help through this with:

- Regular compliance with business regulations
- Payroll accounting and bookkeeping
- Directors and company secretarial
- Statutory and tax compliance
- Tax efficient repatriation of funds
- Direct and indirect tax advisory
- Audit and Assurance
- Forensics and Risk Advisory
- Raising funds for growth

AUDIT AND ASSURANCE SERVICES

Over the last 15 years, our UK-based, US Advisory team has worked with our clients and our client-facing engagement teams in their reporting, and expansion, into the US. We provide assistance on US Capital Market offerings, US GAAP, US GAAS, PCAOB and SEC reporting matters. This assistance also includes providing support when there are acquisitions or divestures of UK companies by US registrants that require conversion of the UK company's financial statements to US GAAP (and where appropriate re-audits to US GAAS) and projects related to bond, debt and equity offerings that would come within the scope of the SEC too.

All UK Partners, Directors, Managers and senior staff working on US reporting clients in the UK are licensed. The licensing process requires individuals to complete US specific technical training annually. The training is provided by our US Advisory team, in partnership with our colleagues from BDO US's SEC service team.

BDO UK is registered with the PCAOB and has been inspected.

TAX EXPATRIATE SERVICES

- Resident Alien (RA)
- Non-Resident Alien (NRA)
- Non-Resident Alien Employees
- Business visitor exception
- Double tax treaty
- Personal Tax
- VISAs

ESTABLISHING A PRESENCE IN THE US

- Business set up including tax and regulatory aspect
- Legal entity formation
- Bank account and registration liaising
- Global mobility services

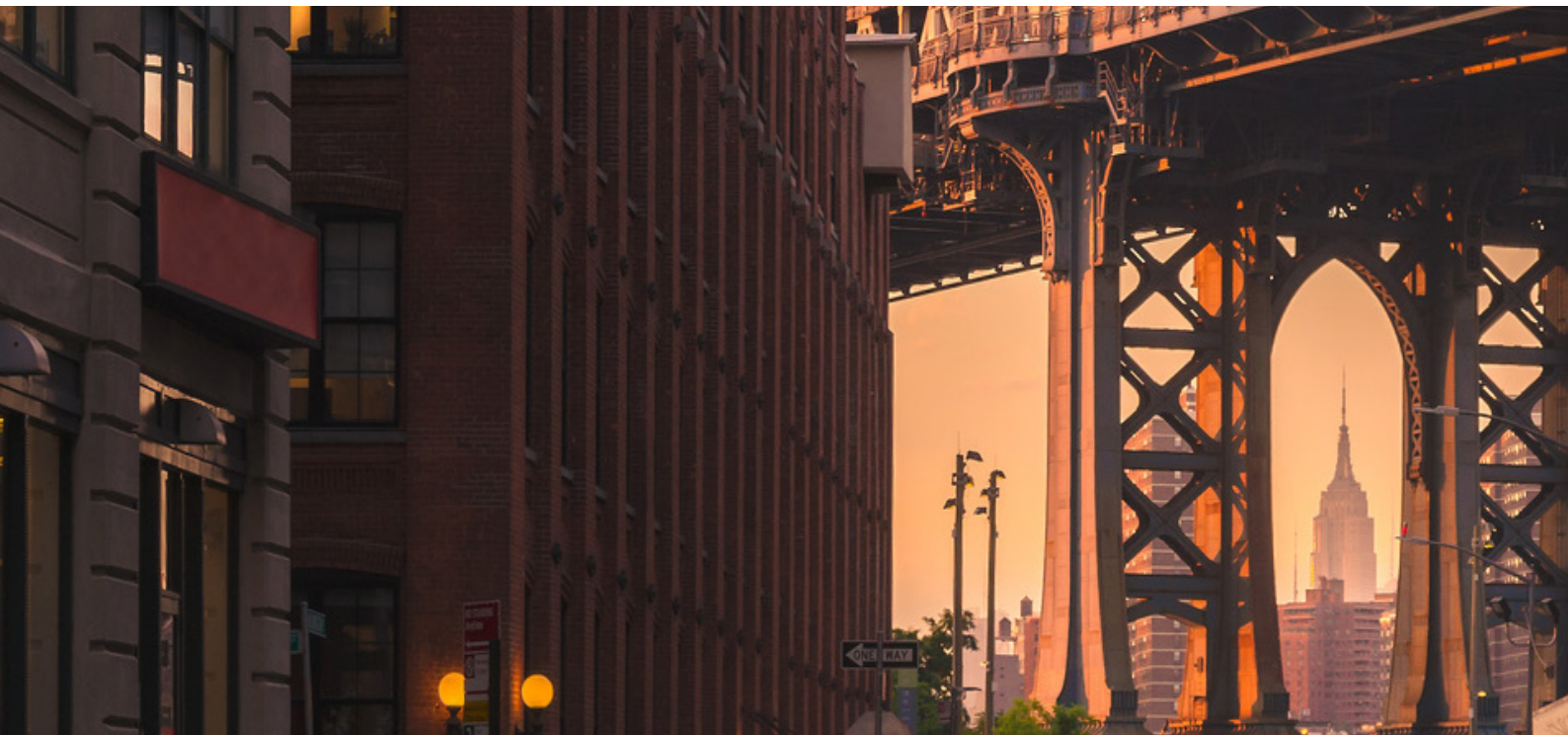
TAX ADVISORY SERVICES

- Organise capital structure
 - Debt vs equity
 - Specific US tax rules (eg. S385, s163(j), s267)
- On-going Private Equity risk and state tax nexus monitoring
- Transfer pricing
 - Intellectual Property ('IP')
 - Management services
 - Intercompany product sales
 - Inbound related distributor arrangements
 - Reporting
- Impact of US tax reform
- SALT planning
 - Nexus analysis (SUT and Income/Franchise tax)
 - Sales tax matrix

It is worth remembering that the US is made up of 50 separate states and the costs of doing business and the framework they must work within can vary considerably from state to state.

ENTRY OPTIONS

LEGAL PRESENCE			CONTRACTUAL PRESENCE
<p>LIAISON OFFICE</p> <p>A representative office set up primarily to explore and understand business investment climate. No commercial activities carried out.</p> <p>Channel of communication.</p>	<p>BRANCH OFFICE</p> <p>An establishment carrying on substantially the same activity as its HO.</p> <p>Suitable for setting up temporary offices.</p>	<p>PROJECT OFFICE</p> <p>An establishment set up for the limited purpose of executing a specific project.</p> <p>(Also called site office.)</p>	<p>AGENCY</p>
<p>AS A FOREIGN ENTITY</p> <hr/> <p>AS AN AMERICAN ENTITY</p>			
<p>JOINT VENTURE</p> <p>A partnership through which two or more companies carry out a particular activity.</p> <p>Resources are pooled, but distinct identity maintained.</p>	<p>COMPANY</p> <p>A subsidiary of the foreign company.</p>	<p>LLP</p> <p>A combination of a private limited company and a firm wherein liability of the partners is limited to extent of their capital contributions.</p>	<p>AGENCY</p>





BUSINESS FUNDING

Structuring operations

- The UK has a favourable double tax treaty with the US
- A UK entity must first show that it is a 'qualified person' under the "Limitation on Benefits" article (Article 23) before the provisions of the treaty can be applied
- Under the treaty, the definition of what creates a taxable presence in the US follows OECD principals and excludes functions which are of a preparatory/auxiliary nature from giving rise to a US tax liability
- The treaty also provides for low/no withholding tax on the repatriation of US profit in the form of dividends or interest
- For this reason most investments in the US will be held directly by the UK company.

UK



US

ABOUT BDO

BDO INTERNATIONAL

US\$9 billion
2017/2018 REVENUE
A YEAR ON YEAR INCREASE OF **8%**

162
Countries

1,600 Offices
80,000 Staff

BDO UK

17 LOCATIONS
350 PARTNERS
4,600 STAFF

97% OF OUR CLIENTS
WOULD RECOMMEND US¹

2017/2018 RESULTS:
REVENUES² **£464m**
UP **8.5%** TO

MERGED FIRM REVENUES **£600m** estimated

1. Client Listening Programme (December 2018 BDO LLP)
2. Gross Revenues for BDO LLP

BDO US

\$1.47 billion
Revenues

49% Assurance **34%** Tax **17%** Advisory

576 Partners
5,528 Professional Personnel
6,592 Total Personnel
60+ Offices

650+ Independent Alliance firm locations nationwide



OUR APPROACH

The partnership and relationship between our firms is designed to enable exceptional client service to organisations in the United Kingdom and the United States, attending to their auditing, tax, and advisory needs.

We can assist local teams deliver practical solutions, not only in the UK and US, but in any other country in which you operate. As needs evolve, there is real time access to knowledge sharing and collaboration, as well as the opportunity to experience our multi-award winning exceptional client service, on a global scale.

We understand the complexities and unknowns of entering foreign jurisdictions. Challenges such as local tax regulations, reporting deadlines, and cultural differences can be overwhelming. Our team can help you simplify these challenges through a well-organised, timely service approach delivered by knowledgeable professionals.

Our UK and US Partners routinely visit each other's territories to ensure real-time understanding of the opportunities and challenges of operating in each others' territories, the many differences in the approach to M&A transactions and the undertaking of due diligence across the world.

Our firms are well positioned to help you adapt to an ever-changing landscape, including:

- Access to one team, across two territories delivering seamless assurance services
- Maximising tax efficiencies, benefits, and structures
- Providing expert advice to Public Interest Entities (PIEs)
- Navigating the impact of Brexit
- Offering a full suite of advisory services

We know you appreciate timely engagement, integrated service teams, active partner involvement, accessible professionals, as well as open and clear communication. At the core of our service philosophy is a commitment to proactively communicate throughout our relationship with a 'no surprises' approach and thorough examination of each business to spot opportunities of growth by:

1. Tailoring our advisory, planning and compliance services to your needs
2. Sharing information, experiences and knowledge about the regulatory, economic and business environment
3. Adopting a flexible approach to working alongside clients, in getting business operations up and running in the dynamic and challenging environments in which the organisations operate
4. Serving ongoing clients' business requirements in India and at international locations through our global teams working together seamlessly.

WHY BDO?

What sets us apart from others is the way we support our clients. It is the dedication and commitment to them that helps us deliver a distinctively different value proposition. The trust, and belief, of our clients is built on our commitment to them: what matters to them, matters to us.

OUR SERVICES

From the core audit and tax services, to a wide range of advisory practices including management consulting, corporate finance and market entry advisory, we offer the breadth of services you would expect from one of the world's largest accountancy networks.

OUR SECTOR STRENGTHS

Our sector strengths mean our advice is always tailored to you and your specific business needs.

We blend sector knowledge and experience with practical advice aimed at making a real difference to business performance.

This approach ensures our clients benefit from the specialist expertise and diverse skills of people that know their business, market and industry.



BDO UK'S US ADVISORY SERVICES TEAM

THE DIFFERENTIATOR

The UK firm has maintained a US Advisory Services team for over ten years. The UK's US team supports our clients and lead engagement teams in their reporting into the US. The work primarily includes review of reporting packages and/or separate financial statements prepared under UK GAAP with US GAAP reconciliation, or all under US GAAP. Consideration of IAS and US GAAS differences are made too.

BDO UK's US team also includes capital market specialists. The energetic world of capital markets is intricate and dynamic. A broad range of political, economic and corporate events heavily influences market volatility and direction. The exchange and over-the-counter (OTC) markets have a crucial role to play in all national and international economies. The industry faces future legislative and regulatory initiatives requiring greater transparency, appropriate centralised clearing and increased regulatory oversight.

We are experienced in advising on the regulatory, accounting, valuations systems and controls issues facing capital market participants. We believe that effective integration of risk management into governance and business decision-making is critical to restore market confidence and move forward. We also have experience in advising firms on their reward strategies to take greater account of risk and longer term business objectives.

We have a deep understanding of the challenges facing today's capital markets industry. We provide a full service capability to the sector and our specialist capital markets team has considerable experience in providing solutions to industry issues, helping firms survive and grow in an increasing turbulent marketplace.




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