

# Vertex® Income Tax – International

Is your company's international compliance becoming difficult to manage? Vertex Income Tax – International is designed to support the foreign reporting requirements of U.S. multinational companies. Vertex software takes a complicated process and simplifies it to increase department productivity and return accuracy, by automating a task-based workflow already familiar to tax professionals.

## Increase Department Productivity

Preparing tax returns for U.S. and foreign source income year after year can be a lengthy and complex process. Vertex Income Tax – International manages more complex structures and inter-company transactions with powerful processing, which can help shorten the time it takes to prepare these returns. Built to help maximize the productivity of your team and increase time for analysis and planning, Vertex Income Tax – International:

- Automates circular look-through sourcing for multiple payment types, including interest, rents, royalties, and dividends
- Calculates Form 1118 and attachments at a country detail level, and automatically reports inter-company payments by country when those payments are reconciled to paying and receiving entities
- Tracks and calculates historical and current year earnings and profits, and taxes by basket
- Retains and expires (when necessary) foreign tax credits (FTC) and net operating losses (NOL) for carry-forward and carry-back
- Populates ownership data for Form 1120, Schedule K and provides the ability to report constructive ownership of other entities
- Computes Section 986 currency gain or loss on previously taxed income distributions

- Provides a detailed and summary audit trail, including cross-references to other reports, Internal Revenue Code references, and important footnotes (when limitations are applied) to help you step through the complex calculations and verify your results
- Calculates high-tax kick out and Section 904(f) loss processing, including Overall Foreign Losses and Section 904(g) U.S. loss processing
- Reports on deemed and actual dividend income by shareholder, including all necessary M-1 and reclass adjusting entries by foreign paying entity for Form 1120, Schedule M-3 tax reporting
- Provides sourcing template methodology to streamline the sourcing of income, expenses, and assets

## Strengthen Return Accuracy

Vertex Income Tax – International also automates the flow of data into Vertex Income Tax – Domestic, eliminating repetitive steps often needed to reconcile income between Federal Form 1120 and Form 1118 in the processing of your foreign tax credit calculation. This built-in approach to integration strengthens the accuracy of returns by:

- Supporting sophisticated ownership structures with no limitations on the number of tiers and accurate Section 902 qualified ownership calculations
- Providing powerful reporting capabilities that describe details about dividend payments to multiple shareholders, including return of capital, capital gains, and deemed paid credits
- Applying look-through rules for precise income characterization, including a user interface that shows worldwide inter-company payments

- Computing applicable Section 956 income inclusions and Subpart F deemed distributions, including high taxed exception and re-characterization processing
- Automating an interest expense apportionment methodology based on either tax book value or fair market value assets that also populates Form 1118, Schedule H

The robust calculation engine in Vertex Income Tax – International makes forms management a simple by-product of your tax compliance process.

## Employ a Task-based Workflow Familiar to Tax Professionals

Vertex Income Tax – International navigation is a workflow process familiar to tax professionals that provides entity-based tasks in a step-by-step logical order. The process begins with a standardized import wizard that walks you through gathering your general ledger and adjustment data. Using a workpaper approach to import and process trial balances and adjust data entries, Vertex Income Tax – International displays the data according to your preferences, in either U.S. or foreign currencies, or both. Tasks such as applying look-through rules for sourcing inter-company payments are simplified by system views that make it easy to reconcile a large volume of payments. Other tasks, including income, expense, and asset sourcing are easy to process with flexible allocation and apportionment methods that can be customized. Keeping the needs of tax professionals in mind, Vertex Income Tax – International:

- Presents a complete organization structure based on ownership of the filing group
- Automates the apportionment of expenses via customizable methods and basis such as gross income, and pre-tax earnings and profits
- Supports foreign divisions and branches with automated cross-rate currency conversions
- Reconciles related party transactions to automate compliance with look-through rules

- Applies look-through rules for accurate income characterization and allows proper sourcing of income and directly allocable expenses into statutory and residual groupings
- Automates the roll-up of Schedule K-1 information to owners including full sourcing, apportionment and inclusion of partnership income in owner's E&P by creating book/tax adjustments and reclasses
- Calculates Subpart F income inclusion of U.S. shareholders
- Rolls up trial balance information from Foreign Disregarded Entities to divisions of the U.S. owner
- Provides a consolidated view of M-1 and reclass adjusting entries for U.S. shareholders
- Keeps track of equity basis pools for remittance gain/loss calculations

## Vertex Consulting Services

Vertex Consulting Services provides a fresh approach to consulting services with an array of offerings to manage all of your tax needs, including Tax System Implementation, Tax Process Optimization, and Tax Data Management Services.

## A Proven Provider

For businesses that want more effective technology solutions, Vertex provides a comprehensive suite of software and consulting services for both direct and indirect taxes backed by more than 30 years of experience.

As the leading provider of corporate enterprise tax solutions, Vertex offers innovative products and services to help companies worldwide streamline their tax compliance processes. With Vertex, you have a trusted partner for discovering new strategic tax savings across every major line of business tax including income, sales, consumer use, value added, communications, and payroll.

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