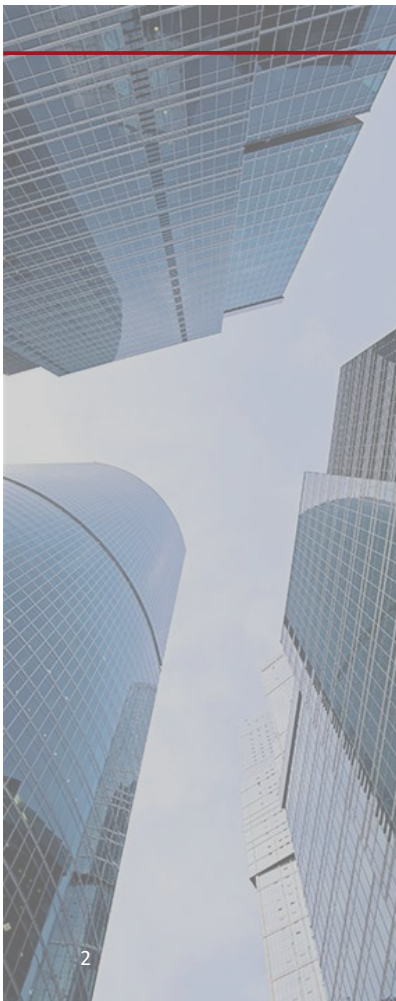


IP Development in Other Countries

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Let's dive into tax considerations of where IP is developed and used. How does tax factor into decision on location.



Outline

1. Scoping the issue
2. IP alignment structures and influences
3. Jurisdictional determinants for IP hubs
4. Broader drivers of IP location
5. Controversy management
6. Questions and concluding remarks

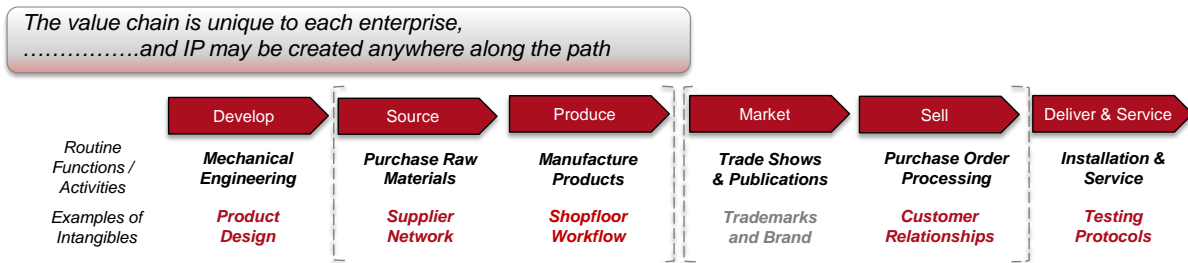
Topic 1: scoping the issue

I. What are we trying to solve for?

- The underlying question is the extent to which activities undertaken in other countries develop IP
- You will want to plan for / manage those activities that develop IP
- Election outcome

II. What is IP?

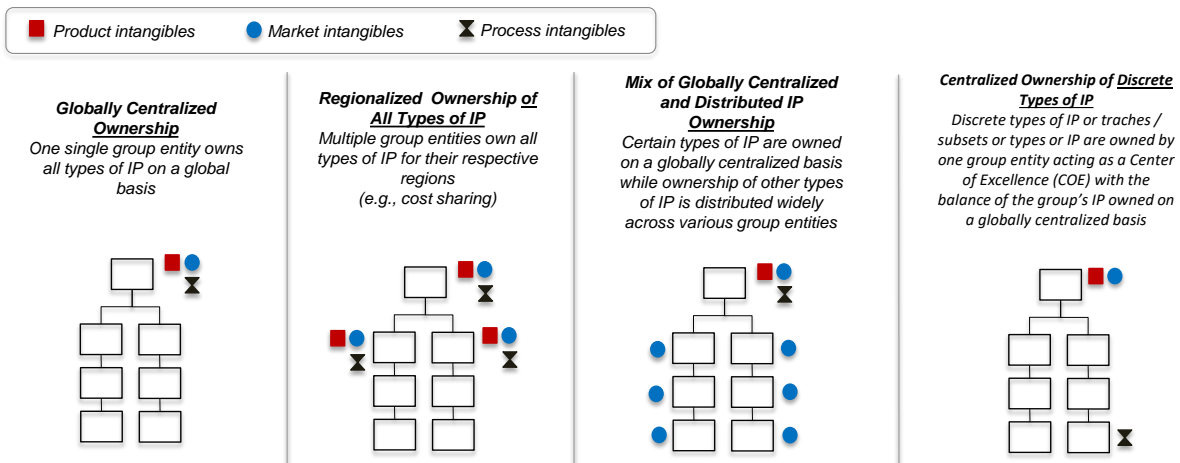
- Historically defined as technology hardware, software and marketing IP as defined by 936(h)(3)(b)
- More recently, there is added focus on data, consumer networks, multi-sided market places
- Question: how to “group” items of IP (e.g., is hardware with AI that itself generated data used by other applications 1, 2 or 3 items of IP)



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Topic 2: IP alignment structures and influences

I. IP structures (typical) - Onshore, Regional (cost sharing), Mixed, Bespoke



II. Drivers influencing IP structures

- Location and control of relevant DEMPE
- New and evolving technologies (e.g., Gen AI)
- Acquisitions
- Country friendliness (and associated changes/evolution)
- US and global tax changes (e.g., Pillar 2)

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Topic 3: jurisdictional determinants for IP hubs

- I. Factors to evaluate
 - Incentive regimes
 - OECD developments
 - Accounting treatment (Pillar 2)
 - Audit aggressiveness
- II. Common business and tax focused locations
 - Ireland
 - United Kingdom
 - Switzerland
 - Singapore
- III. DEMPE focused locations
 - France
 - Germany
 - United Kingdom
 - Australia
 - India

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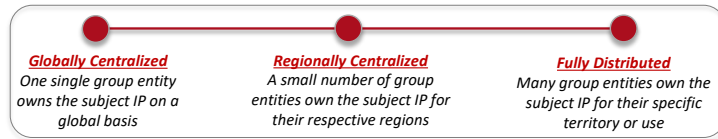
Topic 4: operational drivers of IP location determination

- I. Centralized IP vs multiple IP hubs
 - IP monetized; what are the envisioned value chain or supply chain flows that are involved
 - Tractability of IP segments vs highly integrated bundle of IP
 - Relationship of IP location, how it is utilized in the business, and integrated/utilized in ancillary businesses (e.g., App product license and pull-through services)
- II. Velocity of IP creation and refreshment
- III. Treasury / repatriation flexibility
- IV. Ease of repositioning IP (e.g., onshore or near-shoring)
- V. Acquisitiveness and integration strategy
- VI. Future of cost sharing arrangements

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Topic 5: controversy management

Perspective: (1) Taxpayers have points of view (positions) of which entities within their group own the company's intangibles (IP)
 (2) Tax authorities may have different points of view



Example of a **Taxpayer's point of view** of which entities own IP



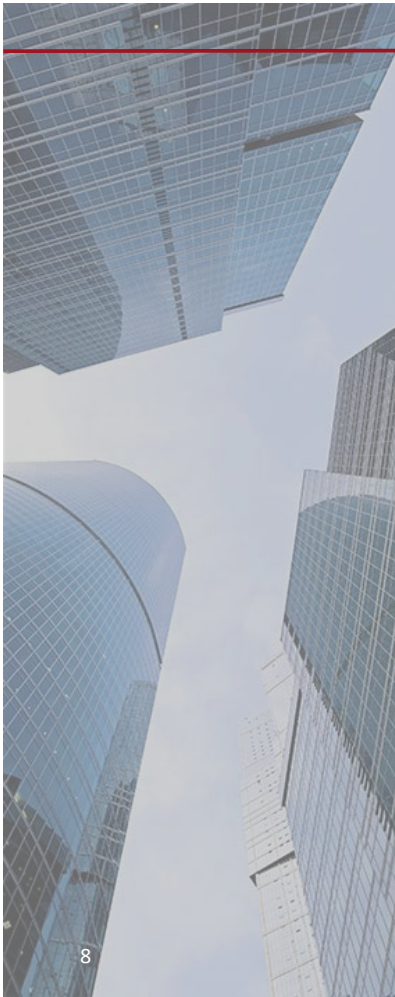
Example of a **Tax Authority's point of view** of which entities own the same IP



The question for taxpayers then becomes how to approach establishing its position?

- I. Alignment of (i) business objectives, (ii) location of DEMPE and (iii) tax authority aggression
- II. Consider fit for purpose IP structure
 - Historically IP structures predominately were comprised of centrally located IP (in a single jurisdiction) or cost-shared IP (i.e., centrally located in two jurisdictions)
 - Centrally located IP has retained its attractiveness, although some weight may be given to DEMPE and whether IP can be reasonably separable

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Topic 6: questions and concluding remarks

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