

# [Week2](https://assignbuster.com/week2-essay-samples/)

[Finance](https://assignbuster.com/essay-subjects/finance/)

Finance and Auditing Week one Strategies by foreign corporations for minimizing tax obligation in USA Every in the USA has itstax regime, a fact that can be used by foreign corporations to their advantage. The foreign corporation would need to create subsidiary company or a separate company in the jurisdiction with low taxation regimes and commit financial assistance in form of grant loans from a foreign financial institution like a bank to evade taxation (Barney, 2008; PWC, 2008). The affiliate company would need to pay the mother company in form of dividend or loyalty, which are not taxed, thereby minimizing tax obligations.
Creation a subsidiary or Branch office as Strategies by foreign corporations for minimizing tax obligation in USA
Creation of a subsidiary or separate company is the most appropriate strategy as opposed to a branch because the mother company can transfer financial assistance to the separate company from a foreign financial institution in form of grant loans, which is not possible when labelled as branch office. Besides, the separate subsidiary would be able to return the financial favour in form of dividend or loyalty hence minimizing tax obligations(Barney, 2008; PWC, 2008).
Week 2
Auditing strategies by internal revenue service to remit appropriate amount of tax
The IRS has their own strategies of detecting whether a corporation is remitting appropriate amount of tax either through office or field examination. The filed examiners would visit the business strategy and determine the amount of tax payable. During such visits, they conduct auditing interviews and running tax reports(Barney, 2008; PWC, 2008). If the addition tax is found, the team will inform the corporation and require them to sign the tax report. However, the corporation may decide to decline signing until they go through the report and verify the details.
Does US tax policy deter foreign investment?
The tax policy is not prohibiting foreign investment but rather enhancing transparency in financial dealing. The USA tax policy especially on the transfers, states that every exchange of property must be subjected to taxation under the section 351 and 361(Barney, 2008; PWC, 2008). The corporations are required to declare in the form what details of the property is transferred.
References
Barney, S. (2008). Guide to U. S. taxation of foreign investors, Retrieved from http://www. crossborderalliance. com/Resources/NRA%20Tax%20guide. pdf
PWC (2008). Tax management in companies, international tax review. Retrieved from http://www. pwc. com/gx/en/tax-management-strategy/pdf/pwc\_tax\_management\_in\_companies. pdf