

Overseas Winter Olympic Games Case Study

Global Media/ Entertainment Company

Situation:

- Significant risk Japanese tax authorities would impose 52% corporate income tax on programming revenue derived by US parent company (USP) from the Games.
- Potential permanent tax cost: \$ 50 M
- US foreign tax credit relief unavailable
- VP Finance: "Every dollar paid in taxes comes out of tight broadcast budget."

Actions Taken:

Strategic Tax Plan: Restructure Filming of Games in Operationally Transparent Manner

Service Provider Structure

- USP engaged Group service provider to film Games on costs plus basis.
- Drafted Legal Brief for Japanese Ministry of Finance based on US and international tax case law and treaty/OECD analysis.
- Drafted and supervised implementation of Corporate Business Plan supportive of legal positions and respecting formalities of special purpose subsidiary.

Results:

- Japanese Ministry of Finance granted complete exemption of programming revenue from 52% corporate income tax.
- Cash tax savings: \$ 50M