

- “A” (stock-for-stock) reorganization, 393–395
 - use of flow-through entities, 421
 - triangular mergers, 396
- Acquisitions, 393
 - across state lines, 225
 - boot, 103
 - cherry picking, 432
 - closely held corporations, 123
 - collapsible corporations, 175
 - debt-equity mix, 125–135
 - divisive reorganizations, 421
 - flow through entities, 425
 - spin-offs, 376
 - split-offs, 378
 - split-ups, 379
 - IRC Section 338 taxable liquidation, 432
 - IRC Section 338 (h)(10) liquidation, 435
 - IRC Section 351 tax-free incorporation, 102
 - IRC Section 1202 stock, 134
 - IRC Section 1244 stock, 134
 - liquidations, 426
 - share (common stock) purchase, 402
 - taxable: asset purchase, 403
 - tax-free liquidation, 428
 - tax-free: use of reorganizations (mergers), 395
 - use of B reorganizations (stock-for-stock), 397
 - use of bonds in restructuring, 369
 - use of C reorganizations (stock-for-assets), 399
 - use of flow-through entities, 425
- Accumulated earnings tax, 149
- Advance Pricing Agreements (APAs), 254. *See also* International taxation
- Allocation and apportionment. *See* State and local taxes
- Assets-for-stock (C reorganization) acquisition. *See* Acquisitions
- B (stock-for-stock) reorganization. *See* Acquisitions
- Bankruptcy, 439
- Bonds, 111
 - early retirement, 369
 - converting, 370
 - municipal, 79
 - use in restructuring. *See* Acquisitions tax free. *See* Bonds, municipal
- Bonuses, 182
 - cafeteria plans, 187
 - executive compensation plans, 182
 - golden parachutes, 145, 205
 - management bonus plans, 202
 - stock options, 187
- Book-tax differences, 80
- Boot. *See* Acquisitions
- Branch taxation, 242
- Break-even analysis, 281
- Business restructuring, 369. *See also* Acquisitions
- Business segments, 347
- Capital gains and losses, 17, 25
- Cash flow analysis, 73–75
- Check-the-box regulations, 95
- Cienteles, 141

- Collapsible corporations. *See*
 Acquisitions
- Compensation. *See* Bonuses
 cafeteria plans.
 current, 189
 deferred compensation, 189, 195
 Employment taxes
 Federal (FUTA), 182
 Medicare, 182
 Social Security (FICA or SECA),
 182
 State, 182
 Unemployment, 182
 executive compensation plans. *See*
 Bonuses
 golden parachutes. *See* Bonuses
 limits on tax deductibility, 195
 management bonus plans. *See*
 Bonuses
 prerequisites, 189
 stock options. *See* Bonuses
 Competitive analysis - tax footnote, 356
 Controlled Foreign Corporations (CFCs).
See International taxation
- Corporations
 boot. *See* Acquisitions
 cherry picking. *See* Acquisitions
 closely held corporations. *See*
 Acquisitions
 collapsible corporations. *See*
 Acquisitions
 debt-equity mix. *See* Acquisitions
 effective tax rates, 8
 general tax rules, 21
 IRC Section 338 taxable liquidation.
See Acquisitions
 IRC Section 338 (h)(10) liquidation.
See Acquisitions
 IRC Section 351 tax-free
 incorporation. *See*
 Acquisitions
 IRC Section 1202 stock. *See*
 Acquisitions
 IRC Section 1244 stock. *See*
 Acquisitions
 liquidations. *See* Acquisitions
 regular (C) corporation, 98
 share (common stock) purchase. *See*
 Acquisition
 Subchapter S (S) corporations, 98
 taxable: asset purchase. *See*
 Acquisitions
 tax-free liquidation. *See* Acquisitions
 tax-free: use of reorganizations
 (mergers). *See* Acquisitions
 tax rates, 22
 use of B reorganizations (stock-for-
 stock). *See* Acquisitions
 use of bonds in restructuring. *See*
 Acquisitions
 use of C reorganizations (stock-for-
 assets). *See* Acquisitions
 use of flow-through entities. *See*
 Acquisitions
- D (divisive) reorganizations. *See*
 Acquisitions
- Death taxes. *See* Estate taxes
- Debt-equity mix. *See* Acquisitions
- Deferred compensation. *See*
 Compensation
- Deferred taxes, 80
- Depreciation, 19–21
 in state and local taxation, 217
- Discounted cash flow, 73–77, 444
- Discounting. *See* Discounted cash flow
- Dividends, 300
- Divestitures. *See* Acquisitions, divisive
 reorganizations
 flow through entities. *See*
 Acquisitions, divisive
 reorganizations
 spin-offs. *See* Acquisitions
 split-offs. *See* Acquisitions, divisive
 reorganizations
 split-ups. *See* Acquisitions
- Divisive reorganizations. *See*
 Acquisitions
- Economic Value-Added (EVA), 77
- Effective tax rates, 8
- Electronic commerce, 163, 234
- Employee compensation packages. *See*
 Compensation

- Employee leasing, 185
- Employee stock ownership plans (ESOPs), 305
- Employment taxes. *See* Compensation, Employment taxes
 - Federal (FUTA). *See* Compensation, Employment taxes
 - Medicare. *See* Compensation, Employment taxes
 - Social Security (FICA or SECA). *See* Compensation, Employment taxes
 - State. *See* Compensation, Employment taxes
 - Unemployment. *See* Compensation, Employment taxes
- ESOPs (employee stock ownership plans). *See* Employee stock ownership plans (ESOPs)
- Estate taxes, 9
- Executive compensation, 180
 - limits on tax deductibility, 195
 - packages, 181, 186
 - perquisites, 189
- FIFO inventory method, 273–283
- Financing methods, 293
 - accounts receivable, 299
 - debt equity mix. *See* Acquisitions
 - dividends, 300.
 - employee stock ownership plans (ESOPs), 305
 - sale of operating assets, 294
 - sale of investments, 296
 - short-term debt, 298
 - thin capitalization, 147
- Financial restructuring, 369
 - converting bonds, 302
 - redemptions, 371
 - retirement of bonds, 369
- Financial statement analysis, 347
- Fixed costs, 279
 - in acquisitions, 421
- Foreign business taxes and rates. *See* International taxation
- Foreign currency transactions. *See* International taxation
- Foreign earned income exclusion. *See* International taxation
- Foreign housing allowance exclusion. *See* International taxation
- Foreign legal entities, 244. *See also* International taxation
- Foreign tax credit, 252. *See also* International taxation
- Free cash flow, 126
- Gift taxes. *See* Estate taxes
- Golden Parachute payments. *See* Bonuses, golden parachutes
- Goods and services (GST) tax, 270
- Goodwill, 25, 406
- Incentive stock options (ISOs), 196–201
- Independent contractors, 184–186
- Individual taxes, 13–17
 - rates, 15
 - structure, 13
- Initial Public Offering (IPO), 144–146
- IRC Section 83, 210
- IRC Section 338 taxable liquidation. *See* Acquisitions
- IRC Section 338 (h)(10) liquidation. *See* Acquisitions
- IRC Section 351 tax-free incorporation. *See* Corporations
- IRC Section 1031 tax-free exchange, 75
- IRC Section 1033 tax free involuntary conversion, 75
- IRC Section 1202 stock. *See* Corporations
- IRC Section 1244 stock. *See* Corporations
- International taxation, 241
 - Advance Pricing Agreements (APAs), 254
 - branch taxation, 242
 - competent authorities, 246
 - Controlled Foreign Corporations (CFCs), 251
 - financial statement analysis, 347
 - foreign business taxes and rates, 245
 - foreign currency transactions, 257

- foreign earned income exclusion, 263
- foreign housing allowance exclusion, 263
- foreign legal entities, 244
- foreign tax credit (FTC), 252
- permanent establishments, 246
- Subpart F income, 251
- tax havens, 249
- tax rates, 245
- tax treaties, 245
- transfer pricing, 248, 261, 267
- Inventory, 273
 - and decision making, 281
 - FIFO, 274
 - LIFO, 274
 - Uniform Capitalization (UNICAP), 277, 291
- Joint ventures, 95–99, 241–245
- Leveraged buyouts (LBOs), 411
- LIFO inventory method, 274
- LIFO liquidation, 276, 291–292
- Limited liability company (LLC), 95–99, 105, 424
- Limited liability partnership (LLP), 95–99, 113
- Limited partnership (LP), 95–99, 105
- Liquidations. *See* Corporations
 - of corporation. *See* Acquisitions
 - IRC Section 338 liquidation. *See* Corporations
 - IRC Section 338 (h)(10) liquidation. *See* Acquisitions
- Lobbying, 235
- Location choice, 216–226. *See also* International taxation; State and local taxes
- Make or buy decisions, 278–289
- Marginal costs, 287–90
- Marginal product of labor and capital, 287
- Marketing costs, 157
- Mergers and acquisitions, 393
- Municipal bonds. *See* Bonds, municipal
- Net operating losses (NOLs), 23–24, 138–142, 169–172
 - carryover periods, 107–108
 - limits on the use of, 407
 - Separate Return Limitation Years (SRLYs), 407
- Nexus, 162
- Offshore ventures. *See* International taxation
- Operating earnings, 294
- Operating losses. *See* Net operating losses (NOLs)
- Operations management, 269
- Original issue discount (OID), 149
- Passive activity losses, 121
- Partnerships, 97
 - special allocations, 1121
 - Payroll taxes. *See* Employment taxes
- Penalty taxes, 149
 - Accumulated earnings tax, 149–150
 - Personal holding company (PHC) tax, 150–151
- Pensions, 191
- Personal holding company (PHC) tax, 150
- Personal service corporation (PSC), 113
- Personal taxes. *See* Individual taxes
- Perquisites, 189
- Preferred stock, 145–147
- Present value, 444
 - annuities, 446
 - discounting, 444
 - lump sum, 445
 - uneven cash flows, 448
 - Web sites, 74
- Private placements, 143–146
- Price effects, 70

- Product development, 155
- Production design, 269–272
- Profit sharing. *See* Bonuses
- Property taxes, 30. *See also* State and local taxes
 - in capital budgeting, 323–325
- Qualified small business stock. *See* Acquisitions, IRC Section 1202 stock; Acquisitions, IRC Section 1244 stock; S (Subchapter S) corporations
- Real estate investment trusts (REITs), 119
- Redemptions, 371–375
- Research and development (R&D), 157–160
 - capital budgeting impacts, 330–332
- R&D credit, 158, 175, 330
- Restructuring, 369
 - divisive reorganizations 376
 - legal entity, 376
 - process, 376
 - selling off parts of a business, 383
 - selling a business to an outside entity, 384
 - spin-offs, 376
 - split-offs, 378
 - split-ups, 378
- Retirement of bonds, 369–372
- S (Subchapter S) Corporations, 98
- Sale of assets, 295
- Sale of investments, 296
- Sales and use taxes. *See* State and local taxes
- SAVANT
 - anticipation, 66
 - framework, 61
 - negotiating, 83
 - strategy, 63
 - transforming, 85
 - value-adding, 72
- Segmental analysis, 347–349
- Self-employed, 184
- Special allocations, 121
- Special purpose entities, 227
- State and local taxes, 213
 - apportionment and allocation, 217
 - apportionment factors, 217–225
 - business taxes, 216
 - corporate income taxes, 216
 - effective tax rates, 215
 - property and payroll factors, 218
 - sales factors, 218
 - separate accounting, 219
 - special purpose entities, 227
 - unitary method, 219
 - Water's edge, 220
- Stock options
 - athletes and entertainers, 187
 - compensation plans, 187
 - deductibility, 196
 - incentive stock options (ISOs), 187, 197
- Subpart F income. *See* International taxation
- Subchapter S (S) Corporations, 98
- Tax footnotes, 289
- Tax rates
 - corporate income taxes, 8
 - death taxes, 11
 - effective tax rates, 8
 - estate and gift taxes, 9
 - individual income taxes, 15
 - personal income taxes, 15
 - value-adding taxes (VAT), 29
- Tax research, 35, 441
 - administrative sources, 40
 - annotated reporters, 36
 - judicial sources, 40
 - legislative sources, 37
 - principles of tax laws, 35
 - secondary sources, 36
 - sources of tax laws, 35
 - tax services, 36
- Tax treaties, 249. *See also* International taxation

- Thin capitalization, 147
- Types of taxes, 8
- Transfer pricing, 271. *See also*
 - International taxation
- Uniform Capitalization (UNICAP),
277, 291
- Unitary tax (state income) systems. *See*
 - State and local taxes
- Unrecaptured Sec. 1250 gain, 16
- Value-adding tax (VAT), 29. *See also*
 - International taxation
- World Wide Web, 4
 - international taxation Web sites, 28
 - tax research, 441
 - value-added tax (VAT) Web sites, 28

