



CROSS20 BORDER25 CONFERENCE

9 EXPERT-LED SESSIONS

OCTOBER 28, 2025
9:00 AM – 2:00 PM PT | 12:00 PM – 5:00 PM ET

Entity Structuring

in a New Era:

Tax Efficiency & Opportunities Under
the One Big Beautiful Bill Act

SESSION SPEAKERS

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Entity Selection

What Options Do You Have?

Sole Proprietorship

- Simple for a U.S. person – flow through treatment
- Complexities for a foreign owner – IRS tax withholding requirements

Partnership

- Two or more owners share profit & losses
- Similar complexities for foreign owners as a Sole Proprietorship

S Corporation

- Separate legal entity, but maintains flow through treatment
- Restrictions on shareholders – No non-resident alien, partnership or corporate partners allowed

C Corporation

- Separate legal entity – pays its own tax at flat 21% (federal)



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Common

Structuring Mistakes

- Operating in the U.S. without a legal entity.
- U.S. tax / legal advisor sets up entity without input from tax advisor in foreign jurisdiction
- Using an LLC without understanding the mismatch.
- Ignoring state-level nexus and tax risk.
- Not filing treaty-based returns.
- Missing transfer pricing documentation.
- Choosing wrong entity for the type of business or ownership goals.



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The LLC Trap

- You're taxed in the U.S. on income, and again in foreign jurisdiction on distributions
- The U.S. sees LLCs as pass through entities
- Other countries can view LLCs as corporations
- Other countries, (ex. Canada Revenue Agency), deny a foreign tax credit, leading to double taxation
- Easy to set up, but hard and expensive to fix later



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Why C-Corps Work Better

- Both countries treat it as a corporation
 - This helps avoid income timing mismatches as well as foreign tax credit application
- Limits U.S. filing obligations for foreign owners
- Enables proper dividend treatment
- Facilitates treaty-based planning
- Great for scale, reinvestment, U.S. staff, or future exit
- Low flat U.S. income tax rate (21%)
- Perception and practicality

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OBBBA

Changes The Game

- The OBBBA revamps and extends many provisions of the 2017 Tax Cuts and Jobs Act
- Many favorable TCJA rules were set to expire in 2025– OBBBA makes them permanent or extends them
- Adds new incentives for investment, growth, and expansion
- Savvy founders will adjust structure and strategy accordingly
- Professional advisors need to know the basics so you can be a trusted advisor to your client

Bonus

Depreciation & Section 179

Business Expensing Rules
Made Permanent



100% bonus
depreciation
made
permanent
(assets after
January 19,
2025)



Section 179
expensing
increased from
\$1.16M to \$2.5M
limit (bonus can
create losses;
179 cannot)



179 lets you pick
assets, or partial
asset basis
(bonus is less
flexible – need
to choose per
asset class)

OBBBA

Overview

Signed into law July 4, 2025

Effective Jan 1, 2026

New Deduction for U.S. Manufacturing Property

- Allows full deduction of manufacturing facilities and improvements
- Includes factories, warehouses, and production spaces
- Must be U.S.-based and placed in service after Jan 19, 2025
- Why it matters:
 - Replaces 39-year building depreciation for qualifying property
 - Requires strategic planning with entity structure and timing

OBBBA

Overview

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Case Study: Expansion Strategy with Bonus Depreciation

- Foreign business expands to the U.S.
- \$2M revenue, \$1.2M expenses, \$800K net
- Buys \$800K in equipment □ full bonus write off
- Taxable income = \$0 vs. \$640K under GAAP
- Net tax savings = \$134,400 (at 21% corp rate)

QUALIFIED SMALL BUSINESS STOCK

- Section 1202 remains intact
- Exclude up to 100% of C-corp stock gain held 5+ years
- Some exclusion if held less than 5 years
 - **(50% of the gain** for stock held 3+ years. **75% of the gain** for stock held 4+ years).
- Increased cap on gain to \$15 million (made permanent)
- Asset threshold increased to \$75 million (inflation indexed)
- Applies only to certain U.S. C-corp stock
- Must meet active business and gross asset tests

WHAT IS YOUR END GAME?

**Permanent
Tax Savings
for Startups**

Planning Opportunities, You Can Act on Now

- Restructure entities for lower exposure and better income flow
- Accelerate deductions — bonus depreciation, §179, and R&E expensing
- Capture incentives — R&D and energy credits, plus QSBS exclusion
- Optimize income sourcing to lower global effective tax rates
- Tighten compliance & reporting to avoid penalties and double taxation

LET'S TALK STRATEGY!

We'll help you:

- Understand your financials with clarity
- Develop a U.S. growth and profit improvement plan to reach your wildest goals and dreams
- Expand into the U.S. market or abroad with confidence, peace of mind, and speed
- Optimize your tax strategy and stay compliant

**Not sure how
these changes
affect your
structure or plan?**



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THANK YOU!

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