AVOID OVERPAYING U.S. TAX:

What International Businesses Should Address Before April 15

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TODAY'S SESSION

- ~45 minutes of content
- ~15 minutes for Q&A
- Questions via Q&A
- Session is being recorded
- Slides will be shared
- No need to take notes

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WHY THIS MATTERS

- Protect your margins
- Keep more of what you earn
- Avoid overpaying U.S. tax before filing

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ABOUT LODDER CPA

- U.S. CPA firm focused exclusively on cross-border businesses
- Heavily focused on cross-border tax, bookkeeping, and accounting
- Clean books → better visibility → fewer surprises → lower risk of overpaying
- Ongoing U.S./non-U.S. advisor coordination

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KYLE LODDER, CPA

U.S. Cross-Border Business Tax Strategist

- U.S. CPA specializing in cross-border tax & structuring
- Nearly two decades working with international businesses navigating U.S. tax
- Focus on growing international businesses operating in the U.S.
- Emphasis on avoiding costly structural mistakes

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OUR ROLE

- Advisory, not just compliance
- Pressure-testing decisions as businesses evolve
- Clarity before complexity
- Compliance = filed correctly

- Advisory = optimized
- Fewer surprises
- Lower unnecessary tax
- Better long-term positioning
- More predictable outcomes

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WHAT THIS SESSION IS

- A pre-filing executive discussion
- Focused on unnecessary tax cost
- Designed to identify and address what should be acted on before April 15
- So you don't overpay.
- So you keep more profit.

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TODAY'S INSIGHT

Overpayment is more common than non-compliance

Most foreign-owned businesses are compliant

Many are not optimized

Efficiency erodes quietly over time

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WHY THIS HAPPENS

- Businesses grow, expand, and evolve
- Structures and treatments often stay static
- Start operating in the U.S. through a non-U.S. corporation, but as revenue and income grows this can result in tax overpayment
- Cross-border flow of funds or income repatriation isn't revisited
- Compliance continues, but efficiency erodes

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STRUCTURAL, NOT OBVIOUS

Overpayment is rarely obvious — it's structural and cumulative.

- No penalties
- No notices
- Cost builds incrementally

HOW IT BUILDS OVER TIME

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- Small inefficiencies compound
- Income taxed in higher-rate environments
- Elections carried forward without review
- Treatment remains unchanged as business changes

WHY FOREIGN-OWNED BUSINESSES ARE ESPECIALLY SUSCEPTIBLE

Multi-jurisdiction complexity	Advisor coordination gaps
Cross-border income flows	Filing focus outweighs structural review

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ENTITY AND OWNERSHIP STRUCTURE

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- Where income is earned
- Where income is taxed
- How profits move across borders
- Whether the structure still reflects business reality

WHY THIS DRIVES OVERPAYMENT

Profit taxed in higher-rate environments than necessary

Inability to access favorable treatments

Misalignment between ownership and tax characterization

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ECONOMIC REALITY VS TAX REPORTING

Where functions are performed	*Where risk is borne*	*Where decision-making occurs*	*Where income ultimately lands*

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WHY THIS MATTERS

- Sourcing affects rate
- State-level taxation differences
- Transfer pricing alignment
- Cross-border allocation logic

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CHARACTERIZATION OF INCOME

Service vs. royalty vs. distribution	Branch vs. subsidiary
Withholding implications	Permanent establishment considerations

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WHY THIS DRIVES COST

- Different treatment = different rate
- Some structures create double-layer tax
- Others create cleaner outcomes

HOW MONEY LEAVES THE BUSINESS

- Salary
- Dividends
- Management fees
- Intercompany charges

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WHY THIS AFFECTS TAX COST

- Timing differences
- Character differences
- Treaty implications
- Interaction with foreign tax systems
- Some payments are subject to withholding taxes, while others are not
- Withholding taxes can apply at various rates

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WHEN COMPLIANCE IS HANDLED, BUT OPTIMIZATION IS NOT OWNED

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- U.S. filings handled here
- Foreign filings handled there
- No one reviewing global effective rate
- Foreign accountants, business attorneys (both sides of the border), Immigration attorneys, bankers, and other advisors often operate independently
- Fragmented advice increases inefficiency
- Unified strategy reduces overpayment

WHY THIS MATTERS

Structural inefficiencies go unaddressed

No periodic recalibration

Filing becomes process-driven

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FILING FINALIZES POSITIONS

Elections are locked in

Characterizations are confirmed

Income allocation is formalized

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OPTIONS NARROW AFTER FILING

- Less flexibility
- Fewer clean adjustments
- More administrative complexity later

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WHAT CAN STILL BE INFLUENCED

- Certain elections
- Income characterization decisions
- Intercompany charges (where appropriate)
- Accrual-based deductions

THE RIGHT QUESTION

Not: “Are we compliant?”

But:
“Are we confident we’re not overpaying?”

CROSS-BORDER U.S. TAX OVERPAYMENT ASSESSMENT

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HOW IT WORKS

- Submit assessment request
- Focused structural review
- Identify overpayment opportunities
- Clear action steps before filing

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CROSS-BORDER U.S. TAX OVERPAYMENT ASSESSMENT

Overpayment is common.
Compliance does not prevent it.
Most savings happen before filing — not after.

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If you’re confident you’re not overpaying, that’s valuable clarity.

If you’re unsure, *now* is the **time to confirm.**

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QUESTIONS & DISCUSSION

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THANK YOU!

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