



One Firm WorldwideSM



INTERNATIONAL TAX

Once the exclusive burden of a handful of the world's largest companies, international tax considerations are now an important factor in the plans of many business and financial institutions of any size, anywhere. Tax laws around the world are increasingly complex and intrusive, while governmental agencies everywhere are more aggressively pursuing tax revenues.

Jones Day's Tax Practice assists clients in responding to this difficult environment by the development of creative, practical solutions to tax problems and the creation of tax-saving opportunities. Our tax lawyers begin with a foundation of solid technical knowledge and experience in the law and practice of the principal tax systems of the world. They offer familiarity with current business practices and financial techniques, as well as the ability to deal effectively with government officials at a variety of levels. The experience of each lawyer in the Tax Practice is made available

Firmwide through a tradition of close collaboration and commitment, together with the identification and development of experienced lawyers in each area of practice. Our One Firm Worldwide concept gives our clients significant efficiencies — we are one team across many jurisdictions.

INTERNATIONAL TAX TEAM

Jones Day has steadily grown its international tax capabilities in response to the increasing globalization of business and finance. The explosion in cross-border investment and activity by our clients requires the Firm, through our International Tax team, to maintain and expand our experience in the tax systems of most of the major developed countries, and in the structuring and implementation of complex international transactions and techniques. These capabilities are brought to bear as part of a concerted effort to lower the cost

of financing our clients' activities, to permit the tax-efficient growth of their businesses, to permit the tax-efficient deployment of assets and to reduce their multinational tax exposures.

Our International Tax team consists of experienced tax lawyers located in key offices throughout the world who concentrate their practices in the cross-border tax area. Team members are located in the Atlanta, Beijing, Brussels, Chicago, Cleveland, Columbus, Dallas, Frankfurt, London, Los Angeles, Madrid, Mexico City, Milan, New York, Paris, Pittsburgh, San Francisco, Shanghai, Tokyo, and Washington offices. Team members are tax lawyers qualified and experienced in both international tax-sensitive transactions and the local tax rules of their respective country of residence. The Brussels Office, frequently takes on European Community tax law assignments for both US and European companies, including advice on corporate income tax, value added tax issues, excise and capital duties, and customs law matters. These may include pure planning and advisory work or lobbying relevant European tax officials and potential legislative developments or related regulatory matters of concern to our clients.

PRACTICE AREAS AND REPRESENTATIVE ENGAGEMENTS

The key practice areas and some of the many Firm representations in which International Tax team members have been prominently involved are summarized below. The party for which Jones Day acted appears in boldface type.

The Organization for International Investment (OFII). In Washington, we serve as tax counsel to **OFII**, the largest business association in the United States representing the interests of US subsidiaries of international companies. **OFII** supports tax and trade policies that enhance the free flow of international investments and maintain a level playing field for all international businesses, regardless of the geographic or jurisdictional location of parent companies or shareholders.

Transactional Advice. Virtually all substantial cross-border business transactions handled by the Firm's corporate finance, securities, real estate, and other transactional practice groups require significant input from members of the International Tax team. Recent examples include a large number of major *asset dispositions*, such as the sale by **Aventis** of a majority interest in its bone disease unit, **Edison Mission Energy's** sale of two UK coal fired power stations, the disposal by **First Energy**

Corporation of a majority interest in Midlands Electricity plc, **Invensys plc's** disposals of the anti-vibration systems, worldwide sealing systems and fluid handling systems divisions of its automotive group, **Fujitsu Consulting's** sale of its businesses in seven countries to **Fujitsu Services, Lafarge Asland, S.A.** on the sale of its cement factories in southern Spain to the Portuguese firm **Cimentos de Portugal SGPS, S.A.** and **Rhodia SA's** disposal of the European surfactants activities of its subsidiary Albright & Wilson. Another area of substantial recent activity is *mergers and acquisitions*, including the acquisition by **Abbott Laboratories** of BASF Pharma, the pharmaceuticals business of Germany's BASF Aktiengesellschaft operating in 38 jurisdictions; **ABN Amro Lease Holding N.V.'s** acquisition of Dial Spania, S.A.; **Granville Baird Capital Partners Ltd's** acquisition of Controlex Espana Prevencion de Riesgos, S.L.; **Johnson Wax Professional's** acquisition of Diversey Lever, Unilever's institutional and industrial cleaning business operating in 66 jurisdictions; **La Poste** on its acquisition of Parceline and Interlink Express (UK and Irish parcel services businesses); **Pfizer's** acquisitions by way of mergers with Pharmacia and Warner Lambert; **The Kirtland Group's** acquisition of the worldwide ceramic fibre business of Carborundum Insulation Technologies, an operating unit of Compagne de Saint-Gobain; the acquisition by **The Timken Company** of Ingersoll-Rand's engineered solutions business; the hostile takeover of Elf Aquitaine Gaz International by **TotalFina S.A.**; and the reorganization in Europe of the Fujitsu Consulting and Fujitsu Services Groups. Closely related to this acquisition activity has been an increasing number of *joint ventures*, such as engagements around the world for **Alcan Aluminium** of Canada; in Europe for Japan's **Saison Group** and **Collins & Aikman**; in Latin America for **Bridgestone Firestone** and Colombia's **Corporación Financiera del Valle**; in Asia for France's **Thomson**, Germany's **Bertelsmann AG**, and **Mobile Telecommunications Corp.**; and in Canada for **Diebold Inc.** In addition, we regularly represent various clients in determining the optimal structure for their "greenfield" or start-up investments in one or more countries or regions, including assistance in establishing the structure which is eventually chosen by the client.

Financings. Financings of various types also occupy International Tax team members to a significant degree. These include *securities offerings* into the public and institutional capital markets, such as debt issuances by **Azteca Holdings** (Mexico), **Britax International plc** (UK), **Communauté Urbaine de Lille** (France), **Derlan Inc.** (Canada), **El Paso**

Corporation (US corporation issuing in the Euromarkets), **Pactual Overseas Corporation** (Brazil), and **Parker Hannifin** (US corporation also issuing in the Euromarkets), and equity offerings by **Petrobras** (Brazil), **Corimon** (Venezuela), **Qantas** (Australia), and **Bharti Tele-Ventures** (India), among many others. Another source of activity for the team is *commercial lending* and *structured finance*, where International Tax team members are able to draw on the experience of their colleagues practising in the area of Tax-Sensitive Financial Products to create tax-enhanced financings, thereby reducing the cost of obtaining funds for corporate borrowers and/or increasing the return to the lenders/investors.

Transfer Pricing. Transfer pricing is one of the most important and potentially contentious areas of international tax. Multinationals should not underestimate the sensitivities and issues that can arise in the transfer pricing arena as tax authorities worldwide, spurred on largely by the actions of the US tax authorities, have not only modernized the rules governing intercompany pricing, but have also refined the way in which transactions between commonly controlled parties are audited as well as the manner in which transfer pricing disputes are conducted.

Against this backdrop, and in an environment of increasing cooperation and information sharing between national tax administrators, a sound transfer pricing policy requires careful planning, analysis, documentation, and, depending on the circumstances, audit and dispute management. Jones Day has proven experience in each of these areas and in those countries that have typically pursued transfer pricing cases most vigorously, including the US, Japan, Germany, France, the UK, and Belgium, as well as in other countries.

The Firm also has a broad knowledge base with respect to the various sectors that have traditionally been subject to transfer pricing scrutiny. We have, for example, advised numerous clients in automotive and related industries, energy, chemicals, pharmaceuticals, electronics, telecommunications, and e-commerce and other information services. Several of the Firm's partners have been recognized by independent surveys of global companies as among the world's leading transfer pricing advisers, and the Tax group includes both a former Deputy Assistant Secretary for Tax Policy of the US Treasury Department and a former Acting Director of the Advance Pricing Agreement (APA) Program of the US Internal Revenue Service.

Indirect Taxation. Members of the International Tax team regularly advise on value added tax and customs duty issues and other international indirect tax matters. Indirect tax is increasingly seen by our clients as an area which requires in-depth planning and experience (particularly in the field of e-commerce), while always bearing in mind an overall appreciation of the direct tax and commercial implications. We believe that our cross-border experience, particularly within the European Union, allows us to provide our international clients with coherent and consistent advice in this area, in which non-domestic rules play an increasingly important role.

Tax-Sensitive Financial Products. International Tax team members have been at the forefront in the development and documentation of financial instruments and transactions which capitalize on the differences in the tax laws of the US and non-US jurisdictions to enhance profitability or reduce the cost of obtaining funds. Such transactions have included the structuring and consummation of hybrid instruments, usufructuary financings, financings based on cross-border repurchase arrangements over preferred shares, synthetic financings, the organization of a cross-border commodity liquidating trust, the development of derivative products to manage currency and other financial risks, and many other products for or in conjunction with major international financial institutions.

Employee Benefits. Members of the International Tax team are regularly called upon to advise clients regarding employment taxation matters worldwide. These engagements cover the complete spectrum of employment tax, from tailoring tax-efficient compensation packages for senior management to the implementation of multijurisdictional share schemes for the benefit of all employees. For example, members of the International Tax team have advised **The Timken Company** as well as other clients on the design and implementation of a global employee stock ownership/stock purchase plan; advised **Diebold**, **Galileo International**, **KeyCorp**, **Lanier** and **National City Corporation** on their Global Stock Option Programs; advised **Unifrax** on its Global Executive Equity Program; developed a stock option plan for an India-based media company, linked to its Nasdaq-traded ADRs; advised **Fosters Brewing Group** (Australia) on its US Stock Purchase and Incentive Plans; advised **Great Universal Stores** (UK) on its stock purchase programs in France; and advised **Qiva Holdings** on its French and UK Qualified Programs.

ADDITIONAL INFORMATION

For additional information regarding our international tax capabilities, please contact your principal Firm representative or one of the lawyers listed in this publication. General email messages may be sent using our “Contact Us” form, which can be found at www.jonesday.com.

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