

**INTERNATIONAL FISCAL ASSOCIATION
(CANADIAN BRANCH)**

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U.S. Tax Developments

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I. Overview

A. Frenetic Activity

1. Congress
2. Courts
3. Internal Revenue Service
4. Treasury Department

B. Events: Recent and Forthcoming

1. Presidential Election
2. Rangel Bill (H.R. 3970)
3. Changes in Personnel
4. Court Activity
 - a. Xilinx (cost sharing)
 - b. KPMG, EY, Etc. (Criminalization of Tax Shelters)
 - c. Swallows Holding (Disallowance of Deductions to Foreign Persons)
 - d. National Westminster Bank (Taxation of PE of Foreign Bank)
5. Regulations
 - a. Foreign Tax Credit: Technical Taxpayer; Non-Compulsory Payments in Foreign Tax Generator Transactions
 - b. Transfer Pricing: Cost Sharing; Global Dealing; Services Income
 - c. Subpart F: Contract Manufacturing
6. Treaties

II. Selected Subjects

A. Economic Substance/Business Purpose

1. Coltec, Etc.
2. Legislative Activity

B. Transfer Pricing

1. Formulary Creep
2. Foreign Initiated Adjustments
3. The Cost Sharing Dilemma

C. Fifth Protocol to the Treaty With Canada

1. Arbitration
2. Hybrids and Reverse Hybrids
3. Everything Else

III. Conclusion

Help!

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