



ATLAS
BY BNP PARIBAS

CASH MANAGEMENT

www.cashmanagement.bnpparibas.com/cg



BNP PARIBAS

The bank
for a changing
world

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The United-States remain the world's largest economy in nominal GDP terms (USD 22.2 trillion in 2019). Although at the root of the global financial crisis (2008-09), the country has swiftly recovered over the past decade, partly helped by the boom in the shale oil and gas industry. With production of 12.3 million barrels/day in 2019, the US has become the largest oil producer in the world, followed by Russia and Saudi Arabia. However, it has also lost ground in some other key industrial areas, mainly against China. At the same time, China has become a world leader in the strategic field of information and telecommunication equipment, and therefore a top supplier to US companies. This increased dependency, along with persistent and widening trade deficits, has led to a radical shift in foreign trade policy and a sizeable rise in US tariffs on imports.

As a consequence of the COVID-19 crisis, the US economy shrank by 3.4% in 2020. The recession - the deepest since 1946 - was nevertheless followed by a swift and strong rebound in 2021, in part due to the US vaccination programme success, and recovery from the economic losses caused by the pandemic. In the aftermath of the authorities' action to limit the consequences of the crisis, public debt and deficits have surged. According to Congressional Budget Office projections, the Federal debt will represent 103% of GDP in 2021, from 79% of GDP in 2019. Interest rates have not risen, partly as result of Fed's asset purchases. However, with the economy and labour market now returning to better shape, central bank quantitative easing is expected to reduce gradually in the course of 2022.

Summary

BNP Paribas presence

BNP Paribas has been doing business in the United States for over 140 years. Headquartered in New York, with four business centres and 536 retail locations in 23 states, the bank relies on its strong and well-established franchise to provide full-service institutional corporate and investment banking, including cash management and international trade finance, and to offer a broad range of advisory services and corporate finance capabilities to key industry sectors.

In addition to BNP Paribas' corporate & investment business, the bank provides a broad range of banking services through its wholly-owned subsidiary, Bank of the West, including a robust cash management and international trade finance offering. Founded in 1874, Bank of the West offers a wide range of personal, commercial, wealth management and international banking products and services. Its cash management and international trade finance platforms provide convenient, reliable, and secure access for domestic and international small businesses, middle market and large corporate enterprises across all industries.

Currency

Currency

- US dollar (USD)

Exchange rates

	2016	2017	2018	2019	2020
Exchange rate: USD per EUR	1.1066	1.274	1.765	1.124	1.136

Source: IMF, International Financial Statistics, May 2021.

Central Bank

- The Federal Reserve System (www.federalreserve.gov) is a network of 12 regional Federal Reserve Banks, headed by the Washington-based Board of Governors.

Bank supervision

- The Federal Reserve supervises Edge Act banks (banks permitted to establish subsidiaries outside of their home state in order to carry out international business transactions), the US branches of foreign banks and the foreign activities of US banks. It also supervises state-chartered member banks and US bank holding companies.
- The US Treasury Office of the Comptroller of the Currency (www.occ.gov) supervises national banks.
- The Federal Deposit Insurance Corporation (www.fdic.gov) supervises banks that do not hold accounts with the Fed.

Bank accounts

Resident / non-resident status

- A company is considered resident in the USA if it is created or organised under the laws of any US state or the District of Columbia.

Tax authority

- The Internal Revenue Service (IRS), a part of the US Department of the Treasury, administers the taxes imposed by federal law.

Taxable year/filing

- The taxable year usually follows the taxpayer’s annual accounting period where such period is a calendar or fiscal year. A calendar year is a period of 12 months ending on 31 December. A fiscal year means an accounting period of 12 months ending on the last day of any month other than December. An annual accounting period means the annual period on the basis of which the taxpayer regularly computes its income in keeping its books. Certain taxable periods of more/less than 12 months may arise.
- For taxable years beginning after December 31, 2015, a C corporation generally must file its income tax return by the 15th day of the fourth month following the end of its taxable year (previously, the deadline was the 15th day of the third month following the end of its taxable year). Thus, the due date of the tax return (without extension) for C corporation filers with a calendar year end is April 15 rather than March 15. However, for C corporations with a fiscal year ending June 30, this change is delayed and will take effect for taxable years beginning after December 31, 2025. Taxpayers are normally required to make estimated tax payments in quarterly instalments during the fiscal year. All remaining taxes due must be fully paid by the original due date of the return. No extensions are allowed for the payment of tax. Interest is assessed on all amounts outstanding as of the original due date of the tax return.
- State filing and payment deadlines are similar to the US federal requirements but vary by state.
- A group of domestic affiliated corporations may file a consolidated tax return if certain requirements are met, most particularly that the parent company must directly own 80% or more of the stock of at least one subsidiary in the group, and each subsidiary in the group must be at least 80% directly owned by the parent and/or other group subsidiaries.

Bank accounts for resident entities

	Within UNITED STATES OF AMERICA	Outside UNITED STATES OF AMERICA
Local Currency	Permitted without restriction, fully convertible	Permitted without restriction, fully convertible
Foreign Currency	Permitted without restriction, fully convertible	Permitted without restriction, fully convertible

Bank accounts for non-resident entities

	Within UNITED STATES OF AMERICA	Outside UNITED STATES OF AMERICA
Local Currency	Permitted without restriction, fully convertible	Permitted without restriction, fully convertible
Foreign Currency	Permitted without restriction, fully convertible	Not applicable

Lifting fees

- Lifting fees are applied on payments between resident and non-resident bank accounts.

BNP Paribas Cash Management Capabilities

Collections

Cash collections	<input type="radio"/>
Cheque collections	<input checked="" type="checkbox"/>
Direct debit collections	<input checked="" type="checkbox"/>
Domestic incoming transfers	<input checked="" type="checkbox"/>
Virtual IBAN	<input type="radio"/>
Virtual accounts	<input type="radio"/>
International incoming transfers	<input checked="" type="checkbox"/>
Card acquiring	<input checked="" type="checkbox"/>

Payments

Cash withdrawals	<input type="radio"/>
Cheque payments	<input checked="" type="checkbox"/>
Direct debit payments	<input checked="" type="checkbox"/>
Domestic outgoing transfers	<input checked="" type="checkbox"/>
Commercial cards	<input type="radio"/>
Virtual cards	<input type="radio"/>
International outgoing transfers	<input checked="" type="checkbox"/>
SWIFT gpi	<input checked="" type="checkbox"/>
Real-time international payments through BNP Paribas' network	<input type="radio"/>
Card issuing	<input checked="" type="checkbox"/>

Channels

Local e-Banking	<input type="radio"/>
Global e-Banking - Connexis	<input checked="" type="checkbox"/>
SWIFT/ host to host	<input checked="" type="checkbox"/>

Payments & collections

Market overview

The predominant payment method in the USA in terms of value is the electronic credit, also known as the wire transfer. The use of cheques is in decline; payment cards have overtaken the cheque as the most widely used non-cash payment method for consumers. Contactless card payments and digital wallets such as PayPal are increasingly used for low-value purchases; according to research by McKinsey, penetration of digital payments in the US reached 78% in 2020. Research by the National Retail Federation indicates that 58% of merchants in the USA accepted contactless payments in 2020, up from 40% in 2019.

A new real-time gross settlement service, FedNow, to process and settle instant payments 24/7/365, will launch in 2023. It will process payments of up to USD 25,000, such as P2P payments and B2P payments.

Electronic banking services are available from all banks. There is no national electronic banking standard in the USA, so companies use banks' proprietary services.

Online and mobile banking is offered by all of the country's leading banks. Approximately 87% of Americans use mobile banking services. Bank of America dominates digital banking with 30.8 million active mobile banking users and 39.3 digital banking users.

Payment Systems

Fedwire	Type	<ul style="list-style-type: none"> • Real-time gross settlement.
	Participants	<ul style="list-style-type: none"> • Approximately 5,800 financial institutions and government agencies.
	Transaction types processed	<ul style="list-style-type: none"> • High-value and urgent domestic USD-denominated electronic payments.
	Operating hours	<ul style="list-style-type: none"> • 21:00 (prior night) –19:00 EST, Monday to Friday.
	Clearing cycle details (e.g. cut off times)	<ul style="list-style-type: none"> • Payments are cleared and settled in real time. • Offline foreign payment order cut-off time = 16:30 EST. • Online foreign payment order cut-off time = 17:00 EST. • Offline domestic payment order cut-off time = 18:15 EST. • Online domestic payment order cut-off time = 18:45 EST. • Offline interbank settlement payment orders cut-off time = 18:30 EST. • Online interbank settlement payment orders cut-off time = 19:00 EST.

	System holidays	<ul style="list-style-type: none"> • Fedwire is closed on all US bank holidays. • The USA's bank holidays are: • 2nd half 2021: 5 July, 6 September, 11 October, 11, 25 November, 25 December. • 2022: January 1, 17, February 21, May 30, July 4, September 5, October 10, November 11, 24, December 26.
CHIPS	Type	<ul style="list-style-type: none"> • Real-time net settlement.
	Participants	<ul style="list-style-type: none"> • 43 direct.
	Transaction types processed	<ul style="list-style-type: none"> • High-value and urgent domestic and cross-border electronic payments (foreign exchange settlements, commercial payments and offshore investments).
	Operating hours	<ul style="list-style-type: none"> • 21:00 (prior night) –17:00 EST, Monday to Friday.
	Clearing cycle details (e.g. cut off times)	<ul style="list-style-type: none"> • Payments are settled on a same day basis. • <u>Cut off time</u> = 17:00 EST.
	System holidays	<ul style="list-style-type: none"> • CHIPS is closed on all US bank holidays. (Dates as above)
ACH	Type	<ul style="list-style-type: none"> • Multilateral net settlement.
	Participants	<ul style="list-style-type: none"> • 20,000 direct.
	Transaction types processed	<ul style="list-style-type: none"> • Low-value and non-urgent domestic credit and debit electronic payments.
	Operating hours	<ul style="list-style-type: none"> • 03:00 to 17:00 EST, Monday to Friday.
	Clearing cycle details (e.g. cut off times)	<ul style="list-style-type: none"> • Settlement is on a next-day basis. • Same-day settlement of credit and debit payments is achieved via FedACH's SameDay Service. Cut-off time = 10:30. Settlement = 13:00. Cut-off time = 14:45 EST. Settlement = 17:00 EST. • Debit payments are settled at 08:30 EST on a next-day basis. • Credits are settled at 08:30 EST on a next-day or two-day basis.
	System holidays	<ul style="list-style-type: none"> • ACH is closed on all US bank holidays. (Dates as above)
Cheque clearing	Type	<ul style="list-style-type: none"> • Bilateral gross settlement.

	Participants	<ul style="list-style-type: none"> • N/A
	Transaction types processed	<ul style="list-style-type: none"> • Cheque payments.
	Operating hours	<ul style="list-style-type: none"> • N/A
	Clearing cycle details (e.g. cut off times)	<ul style="list-style-type: none"> • Cheques have a number of different clearing route: On-us clearing, via a clearing house: via the Federal Reserve or via a direct send arrangement between individual banks. • Deposited cheques drawn at the same bank are settled on a same-day basis. • Interbank cheques are settled within five days. • Cut-off times depend on the individual institution.
	System holidays	<ul style="list-style-type: none"> • Cheque clearing is closed on currency centre holidays. (Dates as above)

Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers, to make tax payments and for pensions, social security and treasury transfers.
- High-value and urgent credit transfers, known as wire payments, can be settled on a same-day basis via Fedwire (domestic USD payments) or via CHIPS (cross-border USD payments).
- Low-value credit transfers can be settled via the ACH with ACH credits. These should be initiated one day prior to the settlement date. FedACH's SameDay Service enables the settlement of ACH transactions of up to USD 100,000 on a same-day basis. As of March 18, 2022, the SameDay ACH limit will be increased to USD 1 million.
- In 2019, the volume and value of ACH credits rose 8.3% and 8.4% respectively on 2018 figures, to 13 billion and USD 44,292 billion.
- The Real-Time Payments (RTP) system enables financial institutions to offer real-time fund transfers 24/7/365. The RTP network currently has 106 participants.

Direct debits

- Direct debits are used for regular payments, such as utility bills.
- ACH debits are used to process direct debits. These should be initiated one day prior to the settlement date. FedACH's SameDay Service enables the settlement of ACH debit transactions on a same-day basis.

- In 2019, the volume and value of ACH debits rose 5.9% and 9.9% respectively on 2018 figures, to 18 billion and USD 25,586 billion.

Cheques

- Cheque use is in steady decline as electronic payment methods become the preferred method of payment for consumers and companies.
- In 2019, the volume and value of cheques declined 7.1% and 3.1% respectively on 2018 figures, to 13 billion and USD 25,834 billion.
- Deposited cheques drawn at the same bank are settled on a same-day basis.
- The majority of interbank cheques are truncated and processed in electronic form. Most of these interbank cheques are cleared through direct exchange, regional or local cheque clearing houses and correspondent bank networks. The remainder are cleared through the Federal Reserve Banks.

Card payments

- Card payments are increasingly popular, especially for retail transactions.
- There were 325 million debit cards and 1,084.9 million credit cards in circulation at the end of 2019.
- In 2019, the volume and value of debit card payments grew 6.9% and 10.1% respectively on 2018 figures, to 78 billion and USD 3,026 billion.
- In 2019, the volume and value of credit card payments grew 7.3% and 8.8% respectively on 2018 figures, to 44 billion and USD 3,964 billion.
- Visa and MasterCard-branded cards are the most widely issued.
- American Express and Diners Club credit cards are also available.
- Proprietary cards, such as those issued by retail stores and oil companies, are also widely used.
- The roll out and adoption of contactless cards payments in the US has been slow. However, Covid 19 has seen an increased adoption of contactless payments by both consumers and merchants alike.
- Card payments are typically processed by their respective international card scheme.
- The majority of credit and debit cards in the USA are EMV-compliant. Approximately one billion EMV cards were in circulation at the end of 2019.

ATM/POS

- There are approximately 425,000 ATMs in the USA.
- There are approximately 12.7 million POS terminals in the USA.
- National ATM networks are interoperable.

Electronic wallet

- Pre-paid, stored-value cards are the dominant electronic wallet schemes in the USA. These schemes usually come in the form of private label cards (40% of total usage), Electronic Benefits Transfer (EBT – 16% of total usage) cards and general purpose cards (43.7% of total usage).
- In 2019, there were seven billion e-money payments (pre-paid debit card), up from six billion transactions in 2018. Value of transactions rose from USD 190 billion in 2018, to USD 221 billion in 2019.
- Payments are settled internally by banks or by the individual card schemes.
- Mobile payment schemes such as Google Pay, Samsung Pay, Venmo, Zelle and Apple Pay are available; according to research by McKinsey, penetration of digital payments in the US reached 78% in 2020.

Short term investments

Market overview

Interest payable on credit balances

- Interest-bearing bank accounts are permitted.

Demand deposits

- Company [demand deposit](#) accounts have been permitted to pay interest since 2011 following the repeal of Regulation Q.

Time deposits

- Time deposits are available in USD for terms ranging from one week to one year.
- The maximum investment per bank is USD 150,000.

Money market funds

- Domestic money market funds (MMFs) are popular short-term investment instruments.
- The minimum investment amount is typically USD 1,000.

BNP Paribas Trade Finance Capabilities

Trade payments

Documentary credits	<input checked="" type="checkbox"/>
Documentary collections	<input type="checkbox"/>

Guarantees

Bank guarantees	<input checked="" type="checkbox"/>
Standby letters of credit	<input checked="" type="checkbox"/>

Supply chain management

Receivables	<input checked="" type="checkbox"/>
Payables	<input checked="" type="checkbox"/>
Inventory	<input checked="" type="checkbox"/>

Trade channels

Connexis Trade	<input checked="" type="checkbox"/>
Connexis Supply Chain	<input checked="" type="checkbox"/>
SWIFTNet Trade for Corporates	<input type="checkbox"/>
Connexis Connect	<input checked="" type="checkbox"/>

Connexis Guarantee	●
SWIFTnet Supply Chain	●

BNP Paribas, including Bank of the West (BOW), is a leader in traditional trade finance and state-of-the-art working capital solutions in the USA. The bank offers an extensive network, and comprehensive product range, including integrated cash and trade solutions, covering conventional trade, specific products such as ABL, ECR, [Swift](#) loans and working capital solution. These are key differentiators compared with regional competition. For this, corporations headquartered in, or operating in the USA can rely on 25 dedicated trade finance managers supported by experienced back officers.

International trade

General trade rules

- The USA is a member of the United States-Mexico-Canada Agreement (USMCA) and DR-CAFTA.
- As a member of the Dominican Republic-Central America FTA (DR-CAFTA), the USA has FTAs with DR-CAFTA member states (Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua).
- The USA has 250 foreign free trade zones.

Trade agreements

- The USA has signed FTAs with 20 countries, including Australia, Bahrain, Chile, Colombia, Israel, Jordan, Morocco, Oman, Panama, Peru, Singapore and South Korea.

Imports / exports

Imports	Cars	Crude pteroleum	Computers	Broadcasting equipment	Packaged medicines
Primary Import sources	China (18.0%)	Mexico (15.0%)	Canada (13.0%)	Japan (6.0%)	Germany (5.0%)

Exports	Refined Petroleum	Crude petroleum	Cars and vehicle parts	Integrated circuits	Aircraft
Export markets	Canada (17.0%)	Mexico (16.0%)	China (7.0%)	Japan (5.0%)	

Import / export volumes

		2016	2017	2018	2019	2020
Exports	- goods USD bn	1,457	1,557	1,677	1,652	1,435
	- services USD bn	758	830	862	876	692
Imports	- goods USD bn	2,207	2,356	2,557	2,517	2,351
	- services USD bn	511	545	562	588	458
Current account as % GDP		- 2.3	- 1.9	- 2.2	- 2.2	• - 3.1

Source: IMF, International Financial Statistics, May 2021.

Trade finance - Imports

Documentation

- The following documentation is required in order to import goods into the USA:
 - customs declaration
 - commercial invoice
 - bill of lading
 - certificate of origin
 - packing list
 - delivery order.

Import licences

- Import licences are required when importing animals, plants, dairy products and alcoholic beverages.

Import taxes and tariffs

- Tariffs are generally set at low rates, except for textiles, clothing, leather, footwear, tobacco and beverages, which are subject to higher taxes.
- Tariffs of between 4% and 5% are generally set on industrial imports.
- Anti-dumping and countervailing duty laws are rigorously enforced.
- In 2018, the US government imposed a 25% tariff on imports of steel and a 10% tariff on aluminium. A number of countries have been granted temporary exemptions.
- In 2018, tariffs were introduced on imported washing machines and solar panels. A 20% tariff on the first 1.2 million imported residential washing machines in the first year and a 50% tariff on additional machines. The tariffs will fall to 16% and 40% respectively in the third year. A 30% tariff will be imposed on imported solar panels in the first year, with the tariffs dropping to 15% by the fourth year.
- In 2018, 25% duties were imposed on Chinese goods ranging from water boilers and lathes to industrial robots and electric cars.

Financing requirements

- None.

Risk mitigation

- None.

Prohibited imports

- The USA prohibits imports from a number of countries in line with international sanctions.

Trade finance - Exports

Documentation

- The following documentation is required in order to export goods from the USA:
 - export declaration
 - commercial invoice
 - packing list
 - bill of lading
 - certificate of origin
 - consular invoice (in certain cases).

Export licences

- Licences from the Department of Agriculture from are required for exports of livestock and dairy products.
- Licences from the Department of Commerce from are required for exports of software.

Export taxes and tariffs

- None.

Financing requirements

- None.

Risk mitigation

- The Export-Import Bank of the United States (Ex-Im Bank) the USA's national export credit agency, provides state-supported credit insurance and financing.
- Export credit insurance is also available from the Foreign Credit Insurance Association (FCIA).
- Export credit insurance and financing are available from private constitutions.

Prohibited exports

- The USA prohibits exports to a number of countries in line with international sanctions.

Regulatory requirements

Reporting regulations

- There are no central bank reporting requirements.

Exchange controls

- [Exchange controls](#) are administered by the US Treasury.
- Any capital controlled, whether directly or indirectly, by the government or public authorities in restricted nations may only be repatriated with a licence issued by the US Treasury.
- Restrictions apply to inward direct investment into a small number of specified industries.
- Individuals importing or exporting in excess of USD 10,000 or its equivalent in cash, traveller's cheques, money orders or negotiable bearer securities must notify the customs authorities.

Taxation

Resident / non-resident

- A corporation (or partnership) is “domestic” for federal tax law purposes if it is created or organised in the USA or under the laws of the USA, one of the 50 states or the District of Columbia. If certain transactions are executed whereby a foreign corporation directly or indirectly acquires substantially all of the property held directly or indirectly by a domestic corporation (or substantially all of the property constituting a trade or business of a domestic partnership) (an “inversion”), the foreign corporation may, in certain cases, be treated as a domestic corporation for purposes of applying US tax provisions.

Financial instruments

- There are specific regimes in the US tax legislation that deal with the taxation of derivatives and other financial instruments. These regimes apply to determine the source, timing and character of any

income or loss recognised as a result of the transaction or series of transactions forming the instrument. These rules can differ depending on whether the instrument is part of a hedging transaction or series of transactions.

- In addition, the US [withholding tax](#) rules can apply to payments made pursuant to the instrument(s).
- There also are a series of anti-abuse rules relating to the taxation of financial instruments both for related-party and third-party transactions. These rules focus primarily on abuses relating to income deferral, loss acceleration, and changes to the character of gain or loss.
- Finally, there are specific rules for certain financial instruments and transactions under the Subpart F rules and for the purpose of determining the amount of foreign taxes creditable in the USA.

Interest and financing costs

- Interest income is generally includible in the determination of taxable income.

Foreign exchange

- The USA has particular rules regarding the taxation of income, deductions, and gains and losses relating to foreign currency transactions. These rules govern the timing and character of income, expense, gain, or loss to be recognised on such transactions. The rules differ depending on whether the transaction relates to a hedge of foreign exchange risk or satisfies an exclusion from the subpart F rules for business needs. These rules apply both to the calculation of the US tax liability of an entity or person subject to US taxation and to determining the income of foreign subsidiaries of US companies for the purposes of the US Subpart F and foreign tax credit regimes.

Advance tax ruling availability

- Not applicable

Capital gains tax

- Capital gains earned by a domestic company are taxed at ordinary corporate tax rates. Foreign companies are generally exempt from tax on capital gains, unless the income is taxable as Fixed, Determinable, Annual, or Periodical (FDAP) income or is considered to be connected with a US trade or business. Gains on the sale of stock in a US real property holding company or on the sale of a US real property interest by a foreign company are treated as income that is effectively connected with a US trade or business. Capital gains recognised by a foreign company may also be taxable as Subpart F income.
- Capital losses may only be used to offset capital gains, not ordinary income. A company's excess capital losses can be carried back three years and forward for five years to offset capital gains in

such other years. The amount of capital loss carried back, however, is limited to an amount that does not cause or increase a net operating loss in the carry-back year.

Withholding tax (subject to tax treaties)

Payments to:	Interest	Dividends	Royalties	Other income
Resident entities	None	None	None	N/A
Non-resident entities	0-30%/ 30%	0-30%/ 30%	0-30%/ 30%	N/A

- The gross amount of dividends paid by a domestic corporation to a foreign corporation generally is subject to a 30% withholding tax, unless the rate is reduced under a tax treaty or the income is ECI. Dividends paid by a narrow class of “grandfathered 80/20 companies (a domestic corporation that derives at least 80% of its income for the three-year testing period from active foreign business (its own or subsidiaries)) existing before 2011 are eligible for relief from gross-basis tax in the hands of foreign corporations.
- Dividends received by a foreign corporation from another foreign corporation out of the latter’s earnings attributable to ECI are not subject to US withholding tax; the branch profits tax serves as a substitute for shareholder-level taxation of such earnings.
- The gross amount of interest received by a foreign corporation from US sources generally is subject to a 30% withholding tax, unless the rate is reduced under a tax treaty or statutory exemption applies. Interest that is ECI and certain interest on portfolio debt obligations, short-term obligations, bank deposits, bonds issued by state or local governments, and debts of grandfathered 80/20 companies generally may be exempt from withholding tax.
- Royalties received by a foreign corporation for the use of property in the US are subject to a 30% withholding tax, unless the rate is reduced under a tax treaty or the income is ECI.
- There generally is only a tax on fees for personal services, including technical services if the services are performed within the US. If the services are performed in the US, such fees typically would be ECI.
- The US imposes a branch profits tax.
- Any other income, gain or profit characterized as “fixed or determinable, annual or periodic” (FDAP) is subject to a 30% withholding tax, unless the rate is reduced under a tax treaty or the income is ECI. A nonfinal tax also must be withheld on proceeds from the disposition of US real property interests (10%) and by partnerships on their ECI allocable to foreign corporate partners (35%).

Tax treaties / tax information exchange agreements (TIEAs)

- The USA has exchange of information relationships with 88 jurisdictions through 60 double tax treaties and 34 TIEAs.

Thin capitalisation

- For tax years beginning after December 31, 2017, the deduction for “business interest” (interest allocable to a trade or business that is not investment interest) generally is limited to (1) business interest income, plus (2) generally 30% (or 50% for 2019 and 2020, as amended by the CARES Act) of the taxpayer’s adjusted taxable income (ATI), plus (3) the taxpayer’s “floor plan financing interest expense”. Additionally, taxpayers generally may elect to use their adjusted income for the last taxable year beginning in 2019 to calculate the taxpayer’s IRC section 163(j) limitation for taxable year 2020. “Adjusted taxable income” is computed without regard to any: (1) item of income, gain, deduction, or loss that is not allocable to the trade or business; (2) business interest income or expense; (3) the 20% deduction for certain pass-through income; (4) the NOL deduction; and (5) for taxable years beginning before January 1, 2022, any depreciation, amortization, or depletion; and (6) such other adjustments as provided by the Secretary of the Treasury. Business interest that is not allowed as a deduction may be carried forward indefinitely. There are some exceptions to the rules, including an exception for certain small businesses whose average annual gross receipts for the three-year period ending with the prior tax year do not exceed USD 26 million (with adjustments for inflation for taxable years beginning after December 31, 2019).
- The limitation generally applies at the taxpayer level. In the case of a group of affiliated corporations that file a consolidated return, the limitation applies at the consolidated tax return filing level. Special rules apply to partnership.
- Disallowed interest that is not currently deductible may be carried forward and deducted in future years if certain conditions are satisfied.

Transfer pricing

- The tax authorities may adjust income in related party transactions that are not at arm’s length. Detailed regulations prescribe the scope, specific methodologies, and principles. Documentation is required. APAs, both bilateral and unilateral, may be negotiated.
- Annual country-by-country reporting is required by US entities that are the ultimate parent entity of a multinational enterprise group with annual revenue of USD 850 million or more. .

Stamp duty

- Documentary stamp taxes may be imposed at the state level. Stamp taxes also may be imposed on such items as alcohol and tobacco.

Cash pooling

- There are no specific tax rules for cash pooling arrangements. However, such arrangements could be subject to the Subpart F, the foreign tax credit rules, the foreign exchange rules, the withholding tax rules and all other generally applicable US tax rules, as discussed above.

Financial transactions / Banking services tax

- There is no specific federal financial transactions tax. Certain US states impose a [stamp duty](#)/tax on certain financial transactions or financial institutions. These duties or taxes generally are imposed at very low rates and are imposed only on certain transactions, issuances or institutions.

All tax information supplied by Deloitte Touche Tohmatsu and Deloitte Highlight 2021 (www.deloitte.com).



BNP PARIBAS

The bank
for a changing
world