# COVID-19 Global Response:
## Manufacturing Industry Analysis

October 2020

Key Countries – First Response Considerations

# Key Country Index

# United States

- Through the CARES act, the US enacted a new 5-year NOL carryback rule. Consider transferring IP to a US entity or putting in place a management service fee to create a deduction at the US level and net operating loss (NOL) that can be carried back to prior years to generate a tax refund.

- Analyze whether parts of your supply chain which you are repositioning to the US might benefit from the TCJA – enacted 100% bonus depreciation on certain assets (e.g. machinery, equipment, etc.) placed in service after 9/27/2017 and before 1/1/2023. Further, the CARES act retroactively (back to 2017) remedied a “glitch” from the TCJA such that all qualified improvement property placed in service during the same time period is also eligible for 100% bonus depreciation. Evaluate whether any US retailers in your structure might benefit.

- The CARES Act increased the US limit on interest deductions under section 163(j) from 30% to 50% of EBITDA for 2019 and 2020 tax years. Reevaluate global funding structure to maximize benefits.

# United States (Continued)

- Determine whether US export incentive (FDII) is available (or was already available) on any product sales from the US to foreign customers or whether supply chain tweaks might position company to avail. [Note: FDII regime reduces corporate tax rate on qualifying income to ~13%.]

- Leverage low valuations to identify transactions that may have a current tax cost that is "dwarfed" by future tax savings including: out-from-under transactions; outbound or inbound IP migrations; corporate and partnership freeze transactions; and proactive transfer pricing planning. Use accumulated NOLs to offset any gains on such transactions.

- Identify whether a near-shore low cost manufacturing hub (e.g. Mexico, Puerto Rico) might be more efficient to service US customers and avoid tariffs. Monitor in accordance with new U.S. Mexico Canada Agreement (USMCA), the replacement to the North American Free Trade Agreement (NAFTA).

- US offers special tax incentives specifically for small (less than $50 million in value) US manufacturers to allow their owners to significantly reduce US tax gain recognition upon eventual exit. Evaluate this option when structuring start up businesses or redesigning businesses currently operating in US pass through solution.

- US policymakers increasing incentives and awarding contracts to onshore production to the US (for example, for the production of semi-conductors (e.g. TSMC) [4] and pharmaceuticals (e.g. Phlow Corp.) [5]. *For updated information, please contact your Taxand team in the United States at https://www.alvarezandmarsal.com/expertise/tax.*

4. Source: Wall Street Journal.. May 2020.
5. Source: New York Times. May 2020.

# Puerto Rico

- Entities operating in Puerto Rico can benefit from certain COVID-19-related incentives provided by the United States under the CARES Act, including the Paycheck Protection Program, forgivable loans and the Employee Retention Credit, among others. The government of Puerto Rico also issued some short-term measures to reduce the cash burden of businesses and individuals, provide a limited amount of cash grants to small businesses and cover expenses related to the restart of operations. The most important cashflow measures are:
  - Extension on all tax return due date filings (income, property, municipal, sales and use taxes, among others) and the tax payments required with those returns
  - Postponement of estimated tax payments and relief from estimated tax penalties
  - Waivers from withholding of income tax on services provided in Puerto Rico
  - Exemption from the payment of sales and use tax on taxable items imported or purchased for resale
  - Limited transfer of refunds and credits to offset other type of tax liabilities



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# Puerto Rico (Continued)

- Although the government of Puerto Rico has not provided any special incentives to the manufacturing industry, its longstanding tax incentives program provides significant benefits to entities manufacturing and performing research and development ("”R&D”) on the Island, among other types of activities. The Island has actually become a hub for the manufacturing of pharmaceutical and medical products, with some of the most important companies in the life science, pharma and medical products industries operating there.

- Entities that are interested in starting a manufacturing operation in Puerto Rico should request a tax exemption grant under the Puerto Rico Tax Incentives Code (the “Code”). If granted, those entities will be subject to Puerto Rico income tax at a 4% fixed rate on the taxable income from their manufacturing activities. Additionally, distributions made by those entities to its shareholders are not subject to Puerto Rico income tax. The Code also provides significant exemptions on other taxes imposed in Puerto Rico, such as the real and personal property taxes, the municipal taxes and certain excise, sales and use taxes.

- The Code provides a general authorization to the government of Puerto Rico to grant incentives to those activities and projects that it deems to be strategic. The benefits that may be granted are not restricted nor listed, but they should be expected to be in line with manufacturing activities that have a possibility of betterment of tax exemptions. These benefits should be negotiated before beginning any activity.

- Also, the Code provides the possibility of a reduction of the income tax rate to 1% to activities that the government of Puerto Rico deems to be novel and pioneering, which could include certain manufacturing and R&D activities.

# Puerto Rico (Continued)

- Entities interested in establishing a manufacturing operation in Puerto Rico should negotiate their tax exemption grant with the Puerto Rican government before completely committing to establish operations on the Island.

- The design of the overall structure of the business, including its shareholders and where they reside, is necessary to protect the benefits granted by Puerto Rico.

- Entities should determine if they will be subject to the excise tax on purchases of personal property and services (among related entities) and if a foreign tax credit will be allowed.

- Because Puerto Rico is a territory of the United States, it will have free access to the U.S. market and avoid any tariffs, duties or other taxes on the export of goods to the U.S.

# Brazil

- When compared to imported products, foreign companies (e.g. non-Brazilian) often produce the final piece of the manufacturing process in Brazil in order to take advantage of certain tax aspects connected to local production. Typically, Germany, France, the UK and Japan are the most common jurisdictions likely to adopt such procedures.
- COVID related incentives are short or mid-term measures. This includes a zero rate on importation and internal sales of medical and hospital products until September 30, 2020, a temporary zero rate on the importation of goods necessary to combat COVID-19 and a simplified customers clearance of imported goods.
- There are post-COVID adoptions of certain exportation expediencies that take precedence over internal market needs. These include the adoption of a non-automatic licenses for the exportation of products necessary to combat COVID-19, such as alcohol gel, antiseptics, masks and respirators.
- Brazil incentivizes exportations. The general rule is that no taxation (e.g. IVA) applies to exports.
- Based on experience, companies relocating from Brazil find Japan to have more stable policies and better tax incentives.



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# China

- In response to the COVID-19 pandemic, the PRC government has issued a series of preferential policies and incentives to relieve taxpayers' tax burdens. Those that might benefit the manufacturing sector include:
- An existing accelerated deprecation policy available to all manufacturing enterprises, which means that during the period of January 1, 2018 to December 31, 2020, purchases of plant and machinery with values of no more than RMB5m can be deducted as one-off expense for corporate income tax ("CIT") purposes.
- For manufacturing enterprises of key medical and daily living supplies, the following additional tax incentives are available beginning January 1, 2020:
  - A one-off deduction of expenses incurred on equipment purchased for expanding production capacity for CIT purpose (no restriction on the value)
  - A full refund, on a monthly basis, of the incremental input Value Added Tax ("VAT") credits incurred after the end of December 2019
- An increase in the export VAT refund rates for certain types of products as of March 20, 2020
- An extension of the preferential CIT rate of 15% until December 31, 2030 for manufacturing enterprises located in the western region of China that are within the encouraged industries prescribed by the PRC government
- Other incentives have also been introduced by local governments, such as rental waivers, property tax relief and exemption, reduction or deferral of social insurance contributions

# China (Continued)

- Manufacturing enterprises should identify whether they meet the criteria of a High and New Technology Enterprise ("HNTE"), Technology Advanced Service Enterprise ("TASE"), Key Software Production Enterprises ("KSPE") or IC Design Enterprises ("ICDE") in China. Enterprises with HNTE or TASE statuses are entitled to a preferential CIT rate of 15% (rather than the statutory rate of 25%), whereas enterprises with KSPE or ICDE statuses are entitled to a preferential CIT rate of 10%, provided they satisfy the respective prescribed requirements.

- General VAT tax payers who sell software products (self-produced or modified) can also enjoy a VAT refund, resulting in an effective VAT cost of 3% (general VAT rate for sale of goods is 13%).

- To the extent feasible, manufacturing enterprises conducting R&D in China should leverage the existing R&D super deduction policies to obtain additional 75% deductions of qualified R&D expenses for CIT purposes from January 1, 2018 to December 31, 2020. Since only certain types of R&D expenses can qualify for the super deduction, you must ensure that your R&D expenses are correctly classified and calculated. The additional deduction of R&D expenses would be reduced from 75% to 50% from January 1, 2021 unless the preferential policy is extended.

- From a cash repatriation perspective, multinational companies (MNCs) could explore the possibility of using service fee payments for support services provided by the overseas headquarters to the Chinese entity, as well as any royalty payments for intellectual properties ("IP") registered offshore and licensed to the Chinese entity as a way of remitting cash out of China. However, MNCs would need to manage transfer pricing risks and the creation of permanent establishment in China for the overseas entities, and focus on lower cost hub jurisdictions in IP planning.

# China (Continued)

- Due to the increasing local competition and rising labor costs, MNCs are adjusting their supply chain strategies in China by moving some or all of their production capacity to South East Asia, including Vietnam, Indonesia and Bangladesh, or second-tier cities within China where more tax incentives and financial subsidies are offered by the local governments. The departures of MNCs from China or the relocation of them within China are often caused by a combination of factors, with tax incentives being an important one.

- MNCs should consider the onshore and offshore tax implications of restructuring, as well as the tax implications post-restructuring. The availability of intra-group restructuring relief should be explored and analysed to defer tax payment and ease cash flow.

- For MNCs looking to exit China, they should conduct cost benefit analyses to ensure efficiency and minimise tax costs on the business divestment. Key issues that might arise during this process include:

  - Exit tax on divestment of businesses, assets and IP, tax on termination or relocation of employees, settlement of intercompany balances, historical liabilities and identification of other issues that may hinder the liquidation process

  - A time-consuming and complex process of up to 12 months to complete, in circumstances where China entities are being wound down

# France

- No measures geared specifically towards the manufacturing industry have thus far been taken by the French government within the frame of COVID-19 measures, as these kind of measures (e.g. incentives to encourage production domestication) could breach EU regulations and should be discussed at the EU level.

- However, some tax measures were taken and they are as follows:

  - Companies may benefit from a deferred payment for CIT installments, business tax and property tax payments, and withholding tax for self-employed workers

  - Commitment by the administration to speed up the repayment of outstanding debts and tax credits (R&D tax credit, VAT credits, etc.) and the payment of invoices issued to public authorities

  - VAT-specific measures such as tolerance on dematerialized invoicing, and a decrease in VAT rate to 5.5% for masks, protective clothing and other products intended for personal hygiene

# France (Continued)

- From a **financial perspective**, the primary measures include:
  - Easier access to liquidity: BPI France (French public investment bank) can provide **guarantees for loans granted to non-financial companies** registered in France with a global limit of 300 billion euros, a maturity period up to 6 years and an annual interest rate up to 0.5% the first year
  - **For small companies: suspension of energy, water and rent bill if specific conditions are met** (workforce less than or equal to 10 employees, turnover for the last financial year is lower than € 1 million, or significant impact on revenue or activities suspended due to lockdown).
  - **For exporting companies:** reinforcement of State guarantees, pre-financing of export projects and reinsurance of export credit insurance

- **Main social measures include:**
  - Part-time working compensated by the State (70% of the gross remuneration, limited to 4.5 times the minimum wages with a minimum of 8.03 €, regardless of the company's workforce)
  - Regime extended to specific categories of workers (executives, workers of umbrella companies)

- **Main measures for start-ups:**
  - Easier access to loans aimed at financing bridges between two fundraisings
  - State-guaranteed liquidity loans
  - Support to innovation planned for 2020 for a total amount of up to €1.3 billion
  - Support from the State and the French Central Bank to negotiate a rescheduling of bank loans

# France (Continued)

- **The leading tax policy that has emerged in response to the post-COVID-19 environment focuses on innovation rather than production domestication with ongoing incentives**
  - A favorable tax regime is applicable to the taxation of revenues derived from patents and software licensing (tax rate of 10% vs. 28% for CIT rate but nexus approach implemented to comply with BEPS requirements)
  - An R&D tax credit of 30% applies to expenses related to eligible R&D activities

- **The French manufacturing industry's supply chain strategy includes:**
  - Involving China and other Asian countries
  - Willingness to reduce dependency on China with a diversification of supply sources from:
    - Other Asian countries (Vietnam, Cambodia)
    - Closer countries:
      - North Africa (Algeria, Morocco, Tunisia) where tax incentives are attractive (tax free zones)
      - Eastern Europe (Romania, Poland, Slovakia) where there are high-skilled workers and lower remuneration

# Germany

- The COVID-19 measures taken by the German Federal Ministry of Finance (BMF) primarily focus on mitigating the immediate tax burdens:
  - Deferment of tax payments
    - Companies can apply for a deferment of tax payment if they are unable to make payments due to economic problems caused by the pandemic
    - Applicants have to demonstrate that they are directly impacted by the pandemic but are not required to provide a detailed insight
    - Applications can be handed in until 31st December 2020
    - This measure applies to income, corporation and trade tax
  - There will not be any additional charges for late payments
  - Payments on taxes made in advance can be paid back once applied
  - A reimbursement for payments made in 2019 is also possible by already estimating a total loss for the year 2020 and settling it against the profits of 2019:
    - This reimbursement can only be granted after receiving a suitable application
    - Eligibility for applications are persons liable to income or corporation tax who have been directly and significantly impacted by the pandemic crisis in a negative way



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# Germany (Continued)

- Advance payments made for income or corporation (as well as trade) tax can be adjusted once the applicant proves to expect a significantly lower income than projected before the pandemic.
- Short-time work:
  - Companies are further supported by receiving financial aid for short-time work. The German government is compensating 60/67% of the gross income an employee received the previous months
  - Should employers decide to stock the wages up, it will be tax free
  - Any increase above 80% of the gross income will be taxable as usual
- Bonus payments of up to EUR 1.500 made to employees during the pandemic will be tax free from 1st March 2020 until 31st December 2020. They can either be made in the form of payment or goods
- Employers may apply for an extension regarding the time limit of their employees' income tax applications
- Deductions for donations made because of the pandemic are given attention in an additional letter of the BMF, simplifying the process for a payment to qualify as a deductible donation

- The "COVID-19 packages" intends to facilitate group restructurings by extending the time frame in which a re-organisation can be performed with retroactive effect from 8 to 12 months; however, if a restructuring is intended to be performed with the roll-over of the book value, keep in mind that valuation has declined since 1 January 2020 and that it might be more appropriate to choose a point later in the year as the relevant restructuring date.
- The reduced valuation and uncertainty related to COVID-19 could be used for a planned cross- border restructuring to benefit from a reduced German exit taxation. However, the German Foreign Tax Act enables the German tax administration to amend exit taxation if the estimated value at the time of the exit increases notably within 10 years after the exit.  Do we still need this sentence since this date has already passed?
- The idea is still valid; ok with the amended language.

# Germany (Continued)

- The BDI – Germany's association representing business towards the government – has published various recommendations to support businesses and strengthen the economy, while keeping the impact of COVID-19 to a minimum. The most important proposals still being discussed are:

  - Improvement of loss adjustments
    - The cap for loss carry-forwards should be repealed
    - Loss carryback should be made available for all years that are not subject to statutes of limitation with a significantly larger volume (up to EUR 10 million)
    - Companies should be allowed to use any losses made this year for a loss carryback to 2019

  - Support for companies
    - Structural improvements in the form of degressive depreciation in order to facilitate necessary investments
    - Temporarily suspending the German interest barrier as well as increasing the EBIDTA limit to at least 50%
    - The current tax burden for companies (corporate tax and trade tax) must be lowered from 32% to a maximum of 25% in order to remain competitive by international comparison
    - The monthly interest on additional tax payments should be lowered (currently at 0.5% per month)

# India

Tax incentives offered by India:

- Newly incorporated domestic manufacturing companies in India may opt for concessional corporate tax at 15% (effective tax rate - 17.16%), subject to satisfaction of certain conditions
- Recently abolished tax on distribution of dividends. Accordingly, they are now taxed in the hands of shareholders, who may claim tax credit in the relevant jurisdiction
- Concessions from import taxes are granted to boost manufacturing in India. Various export incentive schemes are available to neutralize tax cost built in an export product
- Initial set-up cost involving sizeable imports towards plant and machinery could be lowered by opting for a Project Import scheme
- Tax and fiscal incentives also offered by state governments in proportion to fixed capital investment for setting-up and expanding manufacturing units and specified service units. Large investments are eligible for customized incentive packages.

# India (Continued)

Government stimulus towards the manufacturing sector:

- There is a greater push by the government of India for procurement and use of domestically manufactured goods
- In April 2020, India introduced Production Linked Incentives Schemes (PLI) to eligible companies that provides incentives of 4 - 6% on incremental sales (over the base year) of goods manufactured in India and covered under target segments for 5 years after the base year
- Recently introduced Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) to boost investments in the electronic manufacturing sector
- Certain states in India have relaxed the labour laws and land allotment norms

Supply chain synergies:

- India is party to several international bilateral or multilateral free trade agreements (FTA), which enable NIL or concessional duty benefits for trade inter-se between signatory countries. The major and most commonly used FTAs are South Asia Free Trade Agreement (SAFTA), India-ASEAN Comprehensive Economic Cooperation Agreement, India-Korea Comprehensive Economic Partnership Agreement, India-Singapore Comprehensive Economic Cooperation Agreement and India-Japan Comprehensive Economic Partnership Agreement

# India (Continued)

Incentives offered by the government for research, development and intellectual property:

- India provides a concessional rate of taxation at 10% on gross royalty income arising on account of exploitation of patents developed and registered in India by Indian resident patentee. One of the conditions to avail such benefits of the lower tax rate is that the patentee is required to incur 75% of the expenditure for invention in India
- India offers a 100% tax deduction of capital expenditure (except land) on scientific research related to businesses carried out by the taxpayer
- Special deduction on expenditures incurred (except land or building) on scientific research for in- house research and development facilities (as approved by the prescribed authority) to a company engaged in biotechnology, manufacture or production of certain articles
- Zero-rating under indirect tax laws for export of R&D services. An additional export incentive (SEIS
  - approximately 3% of value of exports) is still under consideration

Exit Charges

- An exit from India may potentially lead to a capital gains tax depending upon the manner of exit, and is subject to treaty benefits, if any.

Current outlook on ensuing policy after emerging from the pandemic disruption:

- Recently, the Prime Minister announced an economic relief package of INR 20 trillion. This covers a gamut of economic, financial and social measures with a vision of a self-reliant India and development of a global supply chain originating within India.
- Detailed information of the relief package is being released in phases. Impending announcements targeted specifically for the manufacturing industry are likely to be made soon.
- The finance minister has also announced certain tax measures like extension of compliance timelines and a 25% reduction in the rates of withholding taxes on payments made to residents.

# Mexico

Mexican businesses have been hit during the pandemic by the downturn itself and by having no government stimulus. The Mexican government has not created any special incentive plans or relief measures for companies to face the current sanitary contingency. Nevertheless, as time has gone by, certain deferrals or state and local benefits have been issued:

- Local governments: Some of the 32 states and local (municipal) governments have issued some measures, including the extension of procedures and administrative processes, as well as deferrals for certain local contribution payments and discounts in payroll taxes and property taxes

- Social Security contributions: The Mexican Social Security Institute (IMSS) announced certain benefits, including an extension for payment of employer quotas of up to 48 months, applying interest to 80% of the (adjusted) quotas. It is important to point out that the monthly interest rate ranges from 1.26% to 1.82%, depending on the number of months chose

# Mexico (Continued)

- Housing contributions: The National Fund for Housing of Employees Institute (INFONAVIT"), announced that companies with up to 250 employees may differ the second and third bi-monthly 5% housing contributions until September. Firms with 250 employees or more may differ the second bi-monthly payment until July.

- USMCA (United States–Mexico–Canada Agreement): As ratified by the governments of the 3 countries, the USMCA will enter into force on July 1, 2020. The purposes of USMCA are to modernize procedures and standardize formalities, as well as comply with certain regulations that strengthen labor conditions, environmental protections and anti-corruption practices in order to have the benefit of preferential tariffs in operations performed within these countries.

Even when up to date, there's still a lack of local regulations regarding certain new considerations to be taken into account, including Regional Value Content and minimums set for wages paid to employees.

The Mexican manufacturing business has been severely hit by restrictions on most sectors of the economy to operate. On May 14, however, the Mexican government published a phased economic re-opening that took place over the course of the summer.

Based on the above, companies in the manufacturing sector will need to review their level of compliance with of all specific rules included in the new USMCA.

# Mexico (Continued)

- Maquiladora Program: For companies looking for new alternatives rather than manufacturing in China, Mexico has a special manufacturing incentives program (Maquiladora Regime) that offers certain benefits and tax incentives, including:

  - Ability to import machinery, equipment, raw materials or inventory owned by the foreign party on a temporary basis
  - No trigger of a permanent establishment in Mexico for the foreign principal
  - Special income tax regime, which allows to pay income tax on a statutory safe harbor or through an Advanced Price Agreement
  - Preferential Customs and Indirect Tax treatment through a certification from the government

In order to implement this kind of structure, a Maquiladora Agreement must be signed between a Mexican legal entity and a foreign principal, and authorization must be issued by the Mexican Ministry of Economy (Secretaría de Economía). The foreign principal must be resident in a country that has a Double Taxation Treaty in place with Mexico.

- Transfer pricing: Due to force majeure clauses and cash flow impacts on daily operations between related parties, certain adjustments are already foreseen on these kinds of operations (i.e. lower interest rates, reduction of markups, wider payment schedules, etc.). Taxpayers will need to have the supporting documentation that reflects that the renegotiated contracts are at arm´s length. It is important to mention that due to the worldwide situation, most market comparables will need to be reviewed, as fair market values will have shifted in most geographies.
- Transfer pricing adjustments will have certain impacts on other items, as explained below.

# Mexico (Continued)

- Indirect taxes: As a result of the adjustments agreed with both related and third parties, taxpayers will need to review the supporting information in regards to those operations, including potential cancellation of tax invoices and issuance of new ones in order to reflect final compensation and applicable Value Added Tax. From an import and exports perspectives, all the pediments must reflect the final amount of the goods, as well as the applicable custom taxes. Companies should monitor this so they can properly document transactions to the tax authorities.

- Public sector loans: The Mexican government will support SMEs with a financial package of up to USD$1.4 billion. SMEs may apply for loans from the government, which will be settled over a period of 3 years, with no interest payments in the first three months followed by monthly interest payments at an average rate of 6.5% per year. Certain local states will also provide loans at preferential conditions to SMEs.

- Other tax actors that should be reviewed by Mexican taxpayers:
  - Request a lower tax coefficient for estimated advance income tax payments for the second semester of 2020
  - Expedite refunds of favorable balances before the Mexican Tax Authorities (MTA)
  - Review the applicable rate for tax depreciation purposes in order to amortize NOLs in a more efficient manner
  - Review whether the requirements for the deduction of bad debts are met in each case
  - Analyze refinancing options
  - Follow up continuously on the compliance of all tax obligations in order to avoid any tax audit

# Mexico – Other Considerations

- Administrative and jurisdictional activities: The Mexican Supreme Court of Justice, the Federal Judicial Council and the Federal Court of Administrative Justice have suspended their activities during the pandemic season

- Digital platforms: As part of the tax reform for 2020, changes to the statutes were made to focus on a higher collection of taxes related with digital platforms, as well as new obligations for non- residents operating through them. Regulations entered into force on June 1, 2020. For further details, please click here.

- FATCA and CRS: Financial Institutions are required to report FATCA and CRS information to the MTA by August 15 at latest. However, the deadline to exchange information between the corresponding authorities under CRS will be extended until the end of December 2020, therefore it is expected that the MTA will grant an extension as well.

# Korea

- The corporate income tax ("CIT") reduction that was previously offered only to businesses relocating or returning to Korea in order to establish a new place of business (applicable for a maximum of 7 years; 100% for 5 years + 50% for 2 years) is now also offered to businesses relocating or returning to Korea in order to expand an existing place of business within Korea.

- For purposes of investment revitalization, the tax incentive rate offered to taxpayers who invest in productivity improvement facilities (such as automation facilities) has been temporarily increased for 1 year (2% for large companies, 5% for medium-sized companies, 10% for small and medium companies), and high-tech facilities for the manufacture and distribution of medical supplies have been added to the list of investments subject to the application of the productivity improvement facility investment tax incentive.

# Korea (Continued)

- Tax credits available for R&D costs incurred in relation to new growth engines and source technologies, and companies usually receive a tax credit of 30-40% (20-40% for large and medium companies) of the R&D costs. In order to receive this tax credit, the taxpayer must keep separate accounts for both expenses, maintain general research and HR development, and have evidence to substantiate the R&D work undertaken for 5 years. In addition, taxpayers who wish to check whether their new growth engine and source technology R&D expenses qualify for the tax credit can apply to the National Tax Service for confirmation and evaluation.
- Exit restrictions: Korea has relatively strict regulations (i.e. labor regulations) compared to other countries, and therefore manufacturers should review whether there are any issues from a regulations perspective when exiting from Korea.

# Why A&M Taxand

A&M Taxand's international tax specialists have extensive expertise uncovering planning opportunities and acting as a trusted advisor to generate value for manufacturing companies. Our breadth of experience with both inbound and outbound supply chains positions us well to advise on the continuously changing tax and commercial landscape.

Our seasoned team of specialists are available to share more information on all business support measures and their impact by jurisdiction around the globe. Contact any of the professionals below for information on first response considerations by country.

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