

Tax services for the automotive industry.

Unlocking hidden value in tax

In our work with leading companies in the automotive industry, our clients describe a number of issues that impact their businesses today from a tax perspective. Among the most notable are:

- Globalization and new market development
- Structuring the supply chain
- Technology innovation and product development
- Industry restructuring

These issues have tax planning and compliance implications that cannot be ignored. Although addressing them all can be a tough balancing act, doing so can unlock hidden value for your organization. Deloitte can help.

Understand. Manage. Integrate.

Deloitte has one of the largest tax practices in the United States — broad resources that can translate into value for you. Our clients benefit from field-experienced practitioners devoted full time to the automotive industry, as well as from our deep-bench strength across tax disciplines. We can provide specialized tax knowledge and also supplement your tax organization with ongoing planning and compliance support. Specialized service areas we can assist with include:

M&A, restructuring, bankruptcy	Indirect taxation	Strategic tax review
International tax and transfer pricing	State and local taxation	Tax accounting services
Tax-aligned supply chain	Credits and incentives	Global employment services
Tax cosourcing	Tax ERP integration	Tax controversy

The nuances of strategic tax planning and compliance are complex. Companies often overlook potential points of tax risk and reward simply because the challenges of meeting compliance and financial reporting deadlines consume their resources. We can help you explore ways to manage your exposure and pursue potential savings by helping you understand and manage the following critical issues.

Globalization and new market development

New markets, offshoring, and joint venture opportunities continue to expand the automotive industry's global reach. However, foreign tax authorities often treat automotive issues differently than the United States, particularly in terms of tax policy, regulation, and enforcement. This may translate into a significant number of tax technical issues.

If international operations stretch your tax department too thin, we can help. Our Global Enterprise Methods and Systems (GEMS) specialists can help you evaluate your transaction flows to assess whether income is being unnecessarily recognized in high-tax



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Deloitte's integrated approach brings added value to our clients

Our strengths include:

- Deloitte's integrated approach brings added value to our automotive clients. Our strengths include:
- A solid and sustained track record in tax advisory services to the automotive industry
- A national team of manufacturing industry veterans, including engineers, dedicated solely to our manufacturing clients
- The deep resources of one of the largest tax practices in the United States
- Access to the specialized and extensive resources of Deloitte, its U.S. affiliates, and the member firms of Deloitte Touche Tohmatsu and their affiliates

jurisdictions. We also can assist with customs and duty planning, transfer pricing, local country tax issues, and tax matters related to international employment assignments.

Structuring the supply chain

Whether your company is expanding or restructuring in a particular jurisdiction, the element of change should trigger a tax-focused analysis of transactions and may lead to realignment of structures, departments, and processes. The result can be a sustainable, tax-efficient structure that incorporates the complexities of transfer pricing, local country taxes, and repatriation of earnings. A tax-aligned supply chain, especially, takes into account the many variables and nuances of international tax planning, compliance, and exposure.

Automotive manufacturers also should examine and "right size" their entities to streamline tax accounting and reporting, decrease redundancies, and explore potential tax and operational efficiencies. These may reveal instances in which income is being realized unnecessarily in high-tax jurisdictions or opportunities for managing transfer pricing compliance more effectively.

Technology innovation and product development

Automakers are challenged with managing structural costs and the rising prices of raw materials such as oil, steel, and resins. However, for many manufacturing costs incurred, there may be federal, state, local, and international incentives provided, including research and development credits. Some are statutory; others require negotiation. Our experienced tax specialists can assist you in developing your strategy for tax incentives, including a methodology for efficiently producing the necessary documentation to support and qualify for the incentives.

Other tax savings may emerge from performance improvement programs, such as lean manufacturing, Six Sigma, and other production and supply-chain efficiency activities. Because they invariably touch inventory, fixed assets, and the components of capital that create output, these areas often can lead to tax savings — resulting in a tax-aligned supply chain.

Industry restructuring

Whether your company is on the buy side or the sell side, we can help address opportunities and challenges at every stage of the M&A cycle, from pre-transaction planning and tax due diligence to post-merger integration and monitoring. This includes helping you pursue day-one readiness, so that tax operations at an acquired company are up and running without missing a beat or an important filing. We also can help you navigate the tax issues relating to a business-line carve-out, whether through sale or spin-off, and we can help you analyze transaction costs on both the buy side and sell side to explore tax-efficient treatment of M&A transaction costs for your company.

Managing tax risk and compliance issues

Automakers today are under increasing pressure to address the tax impact of their decisions. We can support efforts to make your tax department more efficient and effective, helping you explore potential tax savings through a strategic tax review, including an analysis of your tax accounting methods and the tax implications of your cost recovery procedures.

The Deloitte difference

As a firm with practitioners who specialize in both automotive manufacturing and tax, Deloitte approaches the issues from an integrated perspective.

Our multidisciplinary teams include specialists across the wide range of tax specialties that you are likely to encounter at the local, state, federal, and international levels. We can support you with tax organization, operations, and technology issues. And we often work side-by-side with the business and technology specialists from other U.S. affiliates of Deloitte to tax-align ERP implementations, supply chain re-engineering initiatives, and other critical activities that automotive companies are undertaking today.

Learn why so many automakers trust Deloitte to help them address tax in the global race to be competitive.

Audit . Tax . Consulting . Financial Advisory .

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