

*International Law Firm
Services
Tax and Legal Consulting
PwC Germany*

*We know your requirements
and can assist you with
creative solutions.*



Tax competency for international law firms

In 1994 PwC Germany established the German Competence Center for International Law Firms in Berlin. Our international law firm team consists of more than 30 members who are tax advisors, tax lawyers, accountants, certified public accounts and assistant tax consultants. All team members have long-term experience and are specialized in dealing with the challenging business operations and related accounting, tax and management questions an international law firm faces and in developing creative solutions.

As one of the leading German service providers to international law firms, we currently provide tax advisory and tax compliance services to more than 30 national and international law firms on all tax matters from ongoing compliance services to advice on complex M&A transactions. The majority of our international law firm clients are seated in the US, UK and in continental Europe with offices all over Germany, e.g. in Frankfurt, Hamburg, Berlin, Munich, Cologne, etc. Most of our clients are organized in the form of limited liability partnerships, general partnerships or professional corporations.

More than 20 of our clients are ranked among the AM LAW Top 100 biggest law firms. In addition, more than 10 of our clients belong to the UK's top 50 law firms.

We look forward to advising you and your law firm on all tax matters.

Sincerely,



Stefan Bernütz

Head of German Law Firm Team
Tax Partner
PwC



Comprehensive consultancy approach

1

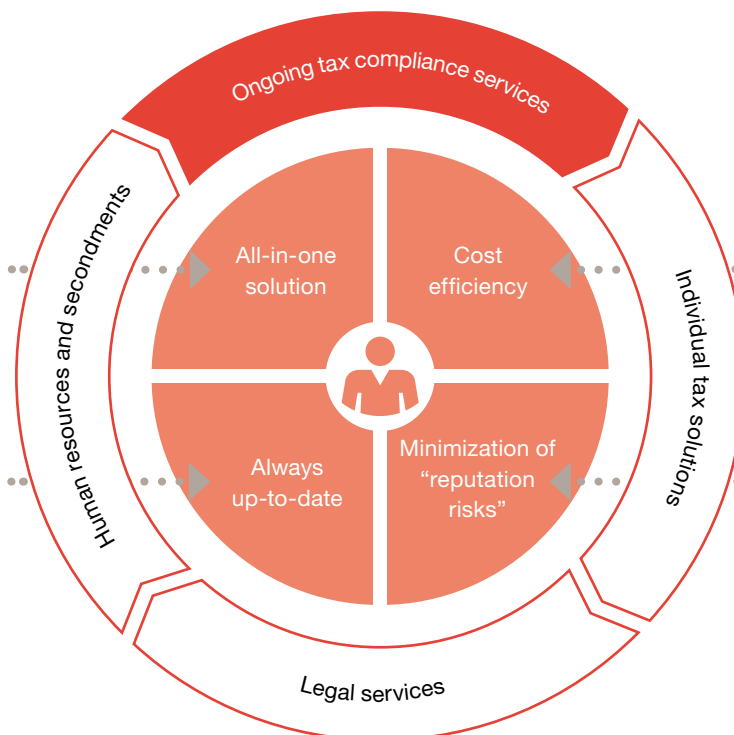
All-in-one solution

You will receive all kinds of tax, social security and – via PwC Legal AG – legal services, whether it concerns the law firm itself, the partners or national and international tax issues. You will have one contact person who is familiar with your specific needs and acts as an entry point into PwC. You do not have to contact different advisors every time you have a new query.

2

Cost efficiency

Our all-in-one service reduces your costs and your administrative expenses. Furthermore, due to our long-term experience and us being part of PwC's Global Law Firm Services Network we are able to detect national and international tax issues at an early stage and thus can help you to avoid unnecessary costs and tax burdens.



4

Always up-to-date

You will receive up-to-date information about the latest changes and developments in German tax legislation and tax jurisdiction as well as their German tax effects on your firm and your national and international partners.

3

Minimization of “reputation risks”

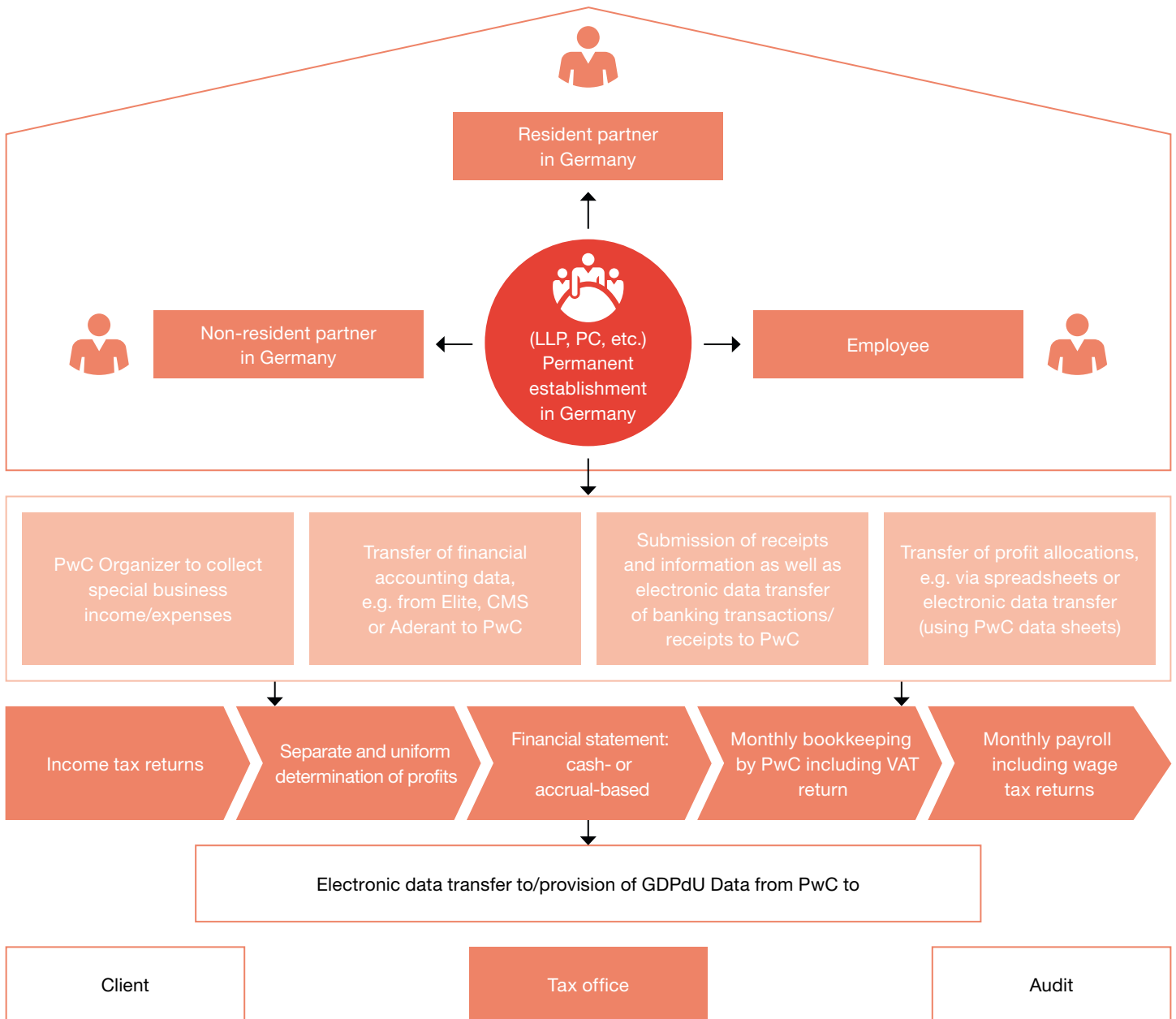
Most law firms are risk-averse and tend to be conservative in the positions that they take for tax purposes, in particular, to avoid the embarrassment factor associated with having the firm's name or the name of one of its partners negatively included in an article in a newspaper. We recognize this factor and embody it in our interactions with your firm.

For this reason, if we identify a matter that could rise to the level of embarrassment we will bring it to your attention.

■ Our services

■ Your advantages

Tax services offered by PwC



Our services

Ongoing tax compliance services

- Monthly bookkeeping and payroll services
- Audit services including regular tax audits, special VAT and social security audits and special wage tax audits
- Services with regard to the customization of international bookkeeping systems such as Elite, CMS and Aderant to German requirements
- Preparation of the annual German financial statements in accordance with German tax law
- Analysis of assets acquired, determination of depreciation and preparation of tables showing the development of fixed assets (*Anlagespiegel*)
- Preparation of the “separate and uniform determination of profits” of the German branch (*Einheitliche und gesonderte Gewinnfeststellung*) (similar to US Form 1065/schedule K-1)
- Determination of the foreign income of the German resident partners
- Preparation of non-resident partners’ and resident partners’ German tax returns
- Review of tax assessment notices including preparation and filing of appeals against the tax assessments
- Supervision of fiscal court proceedings
- Newsletter with current tax topics

Individual tax solutions

- Opening of new offices in Germany
- Tax consultancy regarding mergers and acquisitions between international law firms and reorganizations
- German tax qualification of the resident and non-resident partners of international law firms (co-entrepreneur or employee)
- Advice on wage tax and social security issues (e.g. benefits in kind, professional liability insurance, client events)
- Tax effects of international double tax treaties as well as national treaty override clauses
- German VAT issues with respect to the services offered by international law firms including the EU VAT package
- Avoidance of German trade tax risks: several services offered by lawyers and special structures of international law firms might cause a German trade tax issue. This could lead to an additional tax burden in Germany.
- Analysis of the tax effects of international pension plans
- Implementation of permanent establishment (PE) profit allocation in a tax-efficient way compliant with the Authorized OECD Approach (AOA)
- Structuring of a transfer pricing (TP) system for business transactions (physical and notional) between permanent establishment and headquarter
- Implementation of individual TP solutions also in light of BEPS requirements
- Development and preparation of practical, compliant and internationally coordinated customized documentation solutions in accordance with more and more complex legal documentation requirements to avoid penalties and mitigate risk of profit adjustments

Human resources and expatriate tax services

If there is an exchange of lawyers between the foreign offices and Germany we offer our international HR advice/expatriate tax service for all inbound and outbound secondments: with regard to inbound and outbound secondments – besides the normal tax compliance services like filing German tax returns – we are able to provide advice on individual tax, wage tax withholding and social security questions for both employer and employees. Moreover, we provide

- pre-/post-assignment consultation in order to optimize the assignment, e.g. tax planning opportunities, determination of assignment costs, etc. and
- assistance regarding visas and working permits.

Legal services: PwC Legal AG

In addition to our tax services PwC Legal provides all kinds of German legal services, especially:

- Legal advice regarding German labor law and in particular preparation of employment contracts between the firm and its employees
- Legal advice regarding the preparation of partnership agreements and with respect to German Bar Regulations
- Legal advice and assistance with regard to the opening of a German branch as well as the development of general terms and conditions and engagement letters
- Legal advice regarding reorganizations and restructurings of an international law firm in Germany

Contact

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Stefan Bernütz is the head of the German Competence Center for International Law Firms and Partner at PwC Germany. He is the central contact person for all aspects of international law firms' tax engagements. He has the overall responsibility for the support of our clients and coordinates his team and particularly ensures that all offered services meet the high quality principles of PwC.

The German Competence Center is part of PwC's Global Law Firm Services Network, which specializes in providing advice to international law firms.

About us

Our clients face diverse challenges, strive to put new ideas into practice and seek expert advice. They turn to us for comprehensive support and practical solutions that deliver maximum value. Whether for a global player, a family business or a public institution, we leverage all of our assets: experience, industry knowledge, high standards of quality, commitment to innovation and the resources of our expert network in 157 countries. Building a trusting and cooperative relationship with our clients is particularly important to us – the better we know and understand our clients' needs, the more effectively we can support them.

PwC. More than 10,300 dedicated people at 22 locations. €1.9 billion in turnover. The leading auditing and consulting firm in Germany.



*For further
information please see:
www.pwc.com/lfs*