

Accountants Tout Multinational Tax Shelters

A flier for “The Eleventh Annual Cross-Border Leasing Conference” just came through my fax machine. For \$1,445, members of the Structured Finance Institute and their corporate clients can learn new ways to set up international leasing tax shelters, under the guidance of big accounting firms such as PricewaterhouseCoopers, Deloitte & Touche, and Ernst & Young.

“Let [us] help you meet the challenge in providing timely and authoritative information on doing business overseas,” says the promotional material on the referenced website (www.atlas-sfi.com). “This information translates to tax savings for your business.”

At the conference, participants can “Discover what opportunities are available for doing a cross-border synthetic lease” and “Find out the latest issues in structuring double dip . . . transactions.” They’ll “Learn how to avoid abusive tax shelter issues . . . and how to deal with IRS audit activity in the leasing area”—aka: how not to get caught at tax cheating.

Based on last February’s “Cross-Border Leasing Workshop,” the conference will probably feature plenty of controversy about the relative advantages of “Service Contracts” versus “QTEs,” or “FSCs” or “Pickles.” But beyond the mumbo jumbo, the big accounting firms clearly think they have the IRS on the run in the multinational leasing area—so much so that they’re willing to brag about it in public.

Leasing-based tax shelters were curbed quite a bit by the corporate Alternative Minimum Tax adopted in the 1986 Tax Reform Act—which sharply limited depreciation write-offs in heavily-leveraged deals. But over the past several years, Congress and President Clinton have gutted the minimum tax, and opened the floodgates for new leasing shelters.

At a recent Senate hearing, a lawyer from PricewaterhouseCoopers (which has been accused of peddling “sham” tax-avoidance schemes) asserted that there is “no demonstrated problem with ‘corporate tax shelters.’ ” Given all the tax-sheltering contrivances that the big accounting firms claim to have available, this may have been a Freudian slip—or at least an unusual definition of “no problem.”