TAX REFORM PLANNING CHECKLIST

As the biggest change to the tax code in a generation, the new tax regime will have broad implications on both businesses and the people behind them. But what does the new law really mean for your business and your industry both now and in the years to come?

As we near the 100th day under the new tax law, it's critical that companies both manage the resulting changes and develop a sustainable long-term tax strategy. To do this, businesses should take a phased approach: determining and addressing any immediate to-dos, navigating key steps to implementing any changes, and finally, ensuring their tax department is equipped to grow and address futures changes.

To help you prioritize, here are a few things to keep in mind that will set you up for success this year and beyond.

1. Educate yourself. The new legislation includes over 1,000 pages of provisions and explanatory statements, and additional guidance and technical corrections are expected from Congress, the IRS, and the Treasury Department. The changes it introduces are significant, and **yes, you need to read it.** Every company must parse through the legislation to identify which provisions are most relevant and analyze whether the impact will be favorable or unfavorable to their business as it currently operates. View BDO's "Top 10 Things Companies Need to Know About Tax Reform" to get started.

2. Collect and analyze data. Assessing the impact of tax reform requires a substantial amount of readily-available data. Companies should shore up their data collection abilities across the entirety of the organization. Businesses with international operations will likely need more time to collect necessary data, as some of the information needed for the transition tax calculation could date as far back as 1987, and may not be at their fingertips. As additional guidance and regulations proliferate, having a handle on their data will enable some businesses to be nimble and react quickly.

3. Be flexible. Companies should analyze how the new tax laws will impact their choice of entity and whether changing entity type should be considered. If you're thinking about changing the way your business is structured, whether to obtain favorable tax treatment or for other reasons, you'll need to look closely at qualified business income, assets, products, and more, to determine the right move for your bottom line.

4. Consider the "butterfly effect." Federal tax reform obviously impacts a company's income tax filings, but the effect is not limited to just the corporate tax rate and repatriation. Every tax change a company makes may have a ripple effect throughout all its departments. Savvy companies will take the time to map out and understand their **total tax liability** across the entirety of the business, and will address areas that are generating the largest tax costs. The rise of automation and new technologies will help tax professionals do much of this grunt work faster and more effectively, so they can focus more on tax strategy and liability mitigation.

5. Think locally. One of the most important areas of fallout from tax reform is the response of individual states, and many states—like New York, California, Maryland, and Illinois—have already begun new tax legislation. Businesses need to stay attuned to what's happening in all the states in which they operate to ensure they're prepared for any state tax code changes as they arrive.

6. Assess strategy. Tax reform isn't just a big deal for the finance and accounting department; it's potentially transformational for your entire business. Companies considering major strategic business decisions like mergers, acquisitions, or restructurings should seriously examine how tax reform will impact the results in both the near and long term.

7. Seek advice. The sweeping $1.5 trillion tax reform is the biggest change we've seen to tax law in a generation. It will require intense focus to understand how the new law applies at a federal level and state level, as well as how to navigate the ripple effects that will likely be felt when it comes to a company's total tax liability and planning strategies.

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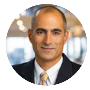

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