
Cayman Island Company Was Engaged in a U.S. Trade or Business and Had U.S. ECI

LTD listed a U.S. office as its return address on various documents.

Mexican clients granted powers of attorney to LTD allowing LTD to make investments in the name of the clients and to engage in other activities on behalf of the clients. The powers of attorney were notarized in the U.S.

Clients wire transferred funds to LTD’s U.S. bank account. INC’s employees or officers had signature authority over LTD’s bank accounts.

LTD’s client files were maintained in the U.S. by INC.

LTD’s receipts included management fees, interest income, currency transactions, and sales commissions and fees.

INC was a dependent agent of LTD.

LTD was engaged in substantial, regular, or continuous ordinary business activity in the U.S. and therefore LTD was engaged in “trade or business within the United States.”

Much of the income earned by LTD was U.S. source income, and therefore was ECI.

The ECI was subject to both U.S. corporate income tax and U.S. branch profits tax.

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