



INSIDER

News and
Information
for Members
and Friends
of GGI

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GGI World
Conference
ONLINE,
20 October 2021

Head office

GGI | Global Alliance

Sihlbruggstrasse 140
6340 Baar, Switzerland

T: +41 41 725 25 00

F: +41 41 725 25 01

E: info@ggi.com

W: ggi.com

W: ggiforum.com

Contact

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Editorial

Dear Reader,

The summer holiday season is over, and we hope that you have managed to take some well-deserved time off for a relaxing and pleasant vacation, and that you have returned in good health.

After the break from webinars during July and August, we are pleased to inform you that there are a lot more opportunities to connect with one another this autumn, and to catch up with your GGI colleagues all over the globe. Get an overview of what to expect during the coming weeks.

GGI members share the latest news from their firms, so remain an insider and read about what's happening. If you have any news to share from your firm in the next issue, just let us know – email Barbara Reiss (b.reiss@ggi.com).

There are several experts who are eager to share their knowledge with you:

Joe Pink (GGI Sponsor Leasecrunch) provides a “Comprehensive Guide to the New Lease Standard”, while Pooja S. Nair (Ervin Cohen & Jessup LLP, USA)

reports on “Food and Beverage False Advertising Litigation”. Wolfgang Paul (nbs partners, Germany) shares the latest news on the German transparency register and financial information act. Daniel Waldman (Pallett Valo LLP, Canada) informs about specificities around the renewal of a commercial lease. The presented case demonstrates that the expansive duty of good faith has its limits. Ronald Kalungi (Drucker & Scaccetti, P.C., USA) updates on “IRC Section 965 Transition Tax Audits: Don't Be Caught Off-Guard”. Sameer Kamboj (SKC World, India) publishes Part IV of his 10-part series of “10 Mistakes”.

For the Real Estate Practice Group, Peter Fassel and Helmut Seitz (HSP Rechtsanwälte GmbH, Austria) conclude their series of motley ideas, this time on Hospitality and Special Purpose Properties.

We hope you enjoy reading this issue of *INSIDER*.

May you, your families, and your friends stay healthy and safe!

Your GGI Team

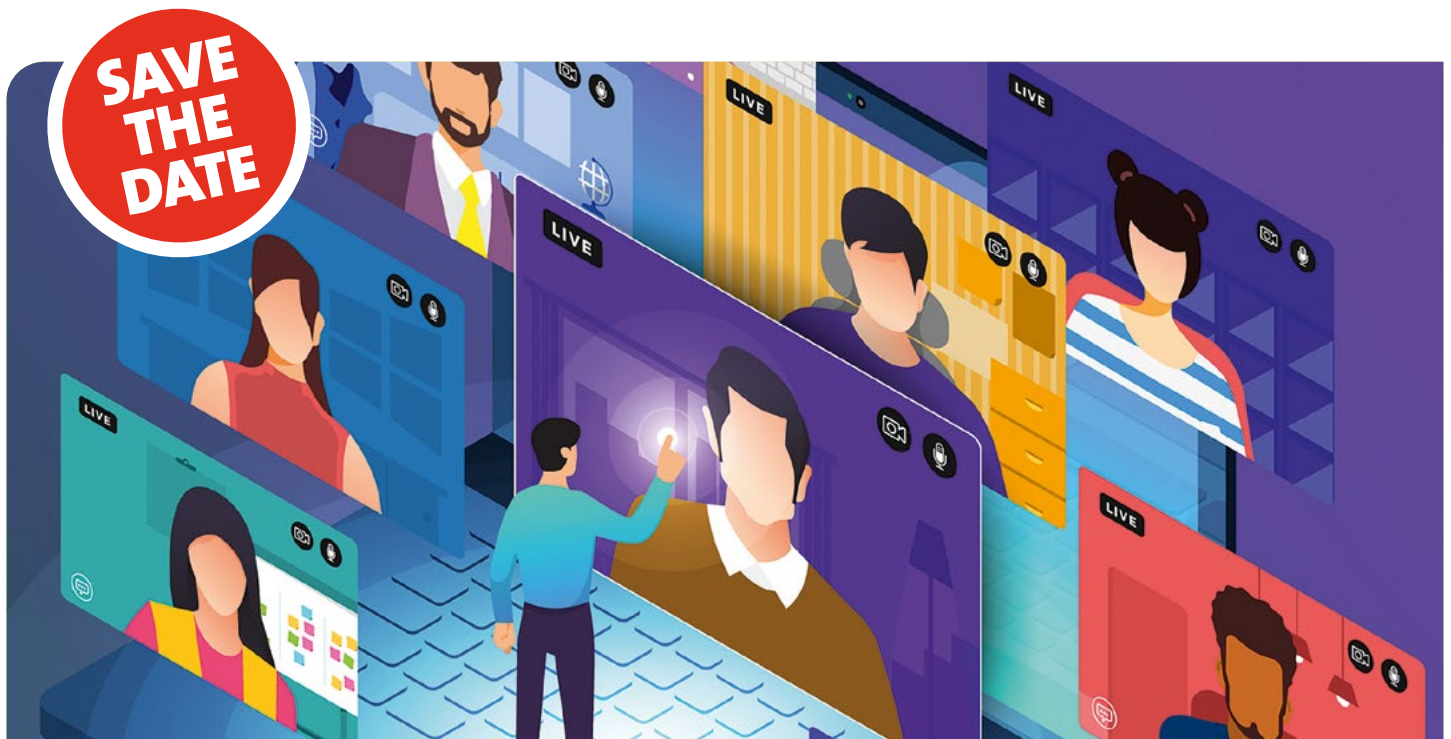
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Diary of Upcoming Events

- **GGI PG Webinar Litigation & Dispute Resolution (LDR)**
21 September 2021, 17:00 CEST
- **GGI SIG Webinar Corporate Governance & Compliance**
28 September 2021, 17:00 CEST
- **GGI Sponsor Webinar UnitedLex**
29 September 2021, 11:30 EDT
- **GGI PG Webinar International Taxation (ITPG) European Region**
30 September 2021, 16:00 CEST
- **GGI COMBINED PG Webinar Employment Law + Global Mobility Solutions**
06 October 2021,
10:00 EDT | 16:00 CEST
- **GGI PG Webinar Litigation & Dispute Resolution (LDR)**
07 October 2021, 17:00 CEST
- **GGI World Conference ONLINE**
20 October 2021,
11:00 EDT | 17:00 CEST
- **GCG Sponsor Webinar Valuation Tools by Valutico**
27 October 2021, 10:00 CEST
- **GGI Webinar Italian-American Business Summit ONLINE**
28 October 2021,
11:00 EDT | 17:00 CEST
- **GGI PG Webinar International Taxation (ITPG) North American Region**
04 November 2021,
11:00 CDT | 17:00 CET
- **GGI PG Webinar Business Development & Marketing (BDM)**
09 November 2021,
10:00 EST | 16:00 CET

Please check our calendar online for the most up-to-date listings (ggi.com > Events > Upcoming Events).
Log into the internal area for the registration links.



GGI World Conference ONLINE

20 October 2021 | 11:00 EDT / 17:00 CEST

Coming out of the summer break, an interesting mix of webinars has been organised for you. It's worth checking the following so you know what to expect during the coming weeks. As

usual, our webinars continue to be FREE and they are open to all GGI members, including any of your colleagues who might not have been active within GGI previously. Please feel free to invite any

who might be interested. Keep checking the [Upcoming Events](#) on our website for the most up-to-date listing to the end of the year and beyond.

GGI PG Webinar Litigation & Dispute Resolution (LDR)

Tuesday, 21 September 2021

17:00 CEST

Chair: [Michiel Teekens](#)

Speaker: [Pooja S. Nair](#)

[Michiel Teekens](#) (TeekensKarstens advocaten notarissen, The Netherlands) will chair this webinar.

[Pooja S. Nair](#) (Ervin Cohen & Jessup LLP, USA) will deliver a presentation entitled, "Food and Beverage False Advertising Law in the US", which will be an overview of recent trends in consumer litigation about false advertising of food and beverage products. During this time, Pooja will also discuss the evolving definition of the "reasonable consumer"



Michiel Teekens



Pooja S. Nair

standard for US consumers, and how that interpretation differs from advertising laws in other international jurisdictions. The presentation will also cover rules and trends in this area from the Biden administration so far, and what to anticipate in the future.

[Michiel Teekens](#) (TeekensKarstens advocaten notarissen, The Netherlands) will talk about a recent

judgment in which the Hague District Court has ordered Royal Dutch Shell (RDS) to reduce the CO2 emissions of the Shell Group by net 45% in 2030, compared to 2019 levels, through the Group's corporate policy. Those who are aware of similar developments in other member states are invited to share their experiences also.

This webinar is for members of the Practice Group and any GGI members wishing to join the PG. Please check within the internal area of [ggi.com](#) for the link to register or simply click on the button shown. We use Zoom for our meetings. Once you register, the meeting ID and password will be sent to you.

GGI member firm
TeekensKarstens
 advocaten notarissen
 Law Firm Services
 Alphen aan den Rijn, Amsterdam,
 Leiden, The Netherlands
 T: +31 71 535 80 00
 W: tk.nl
[Michiel Teekens](#)
 E: teekens@tk.nl

GGI member firm
Ervin Cohen & Jessup LLP
 Law Firm Services
 Beverly Hills (CA), USA
 T: +1 310 273 63 33
 W: ecjlaw.com
[Pooja S. Nair](#)
 E: pnair@ecjlaw.com

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GGI SIG Webinar Corporate Governance & Compliance

Tuesday, 28 September 2021

17:00 CEST | 11:00 EDT

Chairs:  Anthony J. Soukenik

&  Dr Peter Wagesreiter

Presenters:  Sebastian Borer,

 Melissa W. Bailey &  Mark Davidson





**Anthony J.
Soukenik**



**Dr Peter
Wagesreiter**

Anti-Money Laundering (AML) continued...

Earlier this year, the US passed the Corporate Transparency Act and, in the previous edition of INSIDER,  Melissa W. Bailey and  Mark Davidson (Brooks, Pierce, McLendon,

Humphrey & Leonard, LLP, USA) wrote about “The New Federal Law on Corporate Transparency: What Business Owners and Their Advisors Need to Know Now”. During the webinar, they will cover this in detail.

In Europe, the AML landscape is being consistently reshaped, driven primarily by EU directives. Corporate structures are used for purposes of money laundering. In order to create obstacles for authorities to trace the origin of funds, criminals use legal



Sebastian Borer



Melissa W. Bailey




Mark Davidson

GGI member firm
HSP Rechtsanwälte GmbH
Law Firm Services
Vienna, Austria

T: +43 1 533 0533

W: hsp.law

 **Dr Peter Wagesreiter**

Global Co-Chairperson
of the Corporate Governance
& Compliance SIG

E: peter.wagesreiter@hsp.law

 **Sebastian Borer**


E: sebastian.borer@hsp.law

GGI member firm
**Sandberg Phoenix
& von Gontard P.C.**

Law Firm Services
St Louis (MO), Alton (IL), Car-
bondale (IL), Edwardsville (IL),
O’Fallon (IL), Overland Park (KS),
Clayton (MO), USA

T: +1 314 231 3332

W: sandbergphoenix.com

 **Anthony J. Soukenik**

Global Co-Chairperson
of the Corporate Governance
& Compliance SIG

E: asoukenik


@sandbergphoenix.com

GGI member firm
**Brooks, Pierce, McLendon,
Humphrey & Leonard, LLP**
Corporate Finance, Fiduciary
& Estate Planning, Law Firm
Services, Tax


Greensboro (NC), Raleigh (NC),
Wilmington (NC), USA

T: +1 336 373 8850

W: brookspierce.com

 **Melissa W. Bailey**

E: mbailey@brookspierce.com

 **Mark Davidson**

E: mdavidson@brookspierce.com

entities to disguise their identity. With the aim to protect the EU financial system, the EU Commission has obliged its member states to keep information on beneficial owners in "central registers". In the interest of transparency, the concealment of beneficial owners through corporate structures shall be prevented with the registration in a central

register. [✉](#) Sebastian Borer (HSP Rechtsanwälte GmbH, Austria) will provide an insight into the anti-money-laundering directive and transparency register requirements.

This webinar is for members of the Special Interest Group and any GGI members wishing to join the SIG. Please check within the internal area

of [✉](#) [ggi.com](#) for the link to register or simply click on the button shown. We use Zoom for our meetings. Once you register, the meeting ID and password will be sent to you.

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GGI Sponsor Webinar UnitedLex

**Wednesday, 29 September 2021,
11:30 EDT | 17:30 CEST**
Chair: [✉](#) Christine Hasiotis

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W: digital.unitedlex.com/ggi-alliance

[✉](#) Christine Hasiotis

Litigation Support
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M: +1 978 412 7599

E: christine.hasiotis@unitedlex.com

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The webinar is open to all GGI members interested in this topic.



Christine Hasiotis

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GGI PG Webinar International Taxation (ITPG) European Region

Thursday, 30 September 2021

16:00 CEST

Chair: [Oliver Biernat](#)

Speakers: [Prof Robert Anthony](#),

[Carijn van Helvoirt-Franssen](#),

[Sérgio Ramos](#)

ITPG Global Chairperson,

[Oliver Biernat](#), invites you to join this webinar for the European



Oliver Biernat



Prof Robert Anthony

region, which will feature the following presentations:

[Prof Robert Anthony](#) (Anthony & Cie, France) will look at “Biden’s Plans on International Tax-Sharing (and where he got his ideas from)”, outlining the fiscal strategy that has taken 18 years for the US to partially copy the initial ideas of the presenter. Robert will also provide insight as to why he considers BEPS and transfer-pricing obsolete from inception.

Starting with an open discussion on the general topic of tax avoidance and how other countries look at these measures, [Carijn van](#)



Carijn van Helvoirt-Franssen



Sérgio Ramos

GGI member firm

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Wirtschaftsprüfungsgesellschaft

Advisory, Auditing & Accounting,

Corporate Finance, Fiduciary &

Estate Planning, Tax

Frankfurt am Main, Germany

W: benefitax.de

[Oliver Biernat](#)

Global Chairperson of the ITPG

E: o.biernat@benefitax.de

GGI member firm

Anthony & Cie

Advisory, Auditing & Accounting,

Corporate Finance, Fiduciary &

Estate Planning, Tax

Valbonne, France

T: +33 4 93 65 32 23

W: antco.com

[Prof Robert Anthony](#)

E: robert@antco.com

GGI member firm

EJP Accountants & Adviseurs

Auditing & Accounting, Corporate

Finance, Tax

's-Hertogenbosch, The Netherlands

T: +31 73 850 7280

W: ejp.nl

[Carijn van Helvoirt-Franssen](#)

E: carijnvanhelvoirt@ejp.nl

GGI member firm

Pontes, Baptista & Associados,

Sociedade de Revisores Oficiais

de Contas, Lda

Advisory, Auditing & Accounting,

Corporate Finance, Tax

Leiria, Lisbon, Portugal

T: +351 244 813 290

W: pb-sroc.com

[Sérgio Ramos](#)

E: sramos@pb-sroc.com

Helvoirt-Franssen (EJP Accountants & Adviseurs, The Netherlands) plans to examine the “Dutch Battle Against Tax Avoidance”, looking specifically at (upcoming) anti-tax avoidance legislation in the Netherlands – e.g. requalification of legal entities, withholding taxes on distinguished payments to low-taxed and non-cooperative countries and interest deduction limitations – as well as the public debate on tax avoidance in the Netherlands.

✉ Sérgio Ramos (Pontes, Baptista & Associados, Sociedade de Revisores Oficiais de Contas, Lda, Portugal) will explore the topic of “Non-Habitual Resident (NHR): Benefit for Individual Taxpayers that Change Their Tax Residence to Portugal”.

This webinar is for members of the Practice Group from the European region, but members from other regions are also welcome to join. It is also open to any GGI members

wishing to join the ITPG. Please check within the internal area of ggi.com for the link to register or simply click on the button shown. We use Zoom for our meetings. Once you register, the meeting ID and password will be sent to you.

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GGI COMBINED PG Webinar Employment Law + Global Mobility Solutions (GMS)

Wednesday, 06 October 2021
16:00 CEST | 10:00 EDT
Chairs: ✉ Nick Domburg
& ✉ Jeffrey L. R. Kenens
Speaker: ✉ Nicola Goldsmith

“Working from Home in Cross-Border Situations – During and After the Pandemic”

Various (international) labour law, tax, and social security aspects

COVID-19 has been with us for more than one and a half years. Initially, this led to questions on labour (employment) law, especially on the possibility of the employer to unilaterally determine holidays, how to deal with holidays already planned by the employee, and vaccination issues. However, as it is expected that after the COVID-19 pandemic many employees will continue to work at home (whether or not partially), COVID-19 also has enormous consequences for the home workplace.



Nick Domburg

During this webinar, we look into the various (international) labour law, tax, and social security aspects of working from home in cross-border situations. We will not only discuss the employee's possibilities for requesting changes to the place of work, but also whether there is a right and/or an obligation to work from home and to what extent working from home can play a role in dismissal. We will address and discuss various tax aspects like allowances for working from home and for providing a home office space. Also, think of the impact on travel expenses and allowances and on



Jeffrey L. R. Kenens



Nicola Goldsmith

international tax and social security aspects, i.e. which country is allowed to tax the employee's wage, which country's social security system is applicable, and can it change because
...next page

of a changing working pattern? Finally, issues related to international taxation and social security, i.e. fiscal residence and travel calendar issues, the working of articles 15 and 16 of the OECD model convention, special corona measures between governments, tax return filing obligations, registration for payroll taxes, and permanent establishment (PE), permanent representative (PR) issues and social security treaty (bilateral) issues will be dealt with.

GGI member firm
TeekensKarstens
advocaten notarissen
 Law Firm Services
 Alphen aan den Rijn, Amsterdam,
 Leiden, The Netherlands
 T: +31 71 535 80 00
 W: tk.nl
 ✉ **Jeffrey L. R. Kenens**
 Global Chairperson of the
 Employment Law PG
 E: kenens@tk.nl

✉ Nicola Goldsmith (Haines Watts, UK) will discuss “The tax and social security implications in the UK of working from home for cross-border workers”.

If you are interested in presenting (max 10 minutes each) about these topics within your jurisdiction, please contact either Nick (nick@limes-int.com) and/or Jeffrey (kenens@tk.nl) directly.

We look forward to seeing you online soon!

This webinar is for members of the Practice Group and any GGI members wishing to join the PG. Please check within the internal area of ✉ ggi.com for the link to register or simply click on the button shown. We use Zoom for our meetings. Once you register, the meeting ID and password will be sent to you.

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GGI member firm
LIMES International tax + expat
 Advisory, Fiduciary &
 Estate Planning, Tax
 Valkenburg ZH, The Netherlands
 T: +31 88 089 90 00
 W: limes-int.com
 ✉ **Nick Domburg**
 Global Chairperson of the GMS PG
 E: nick@limes-int.com

GGI member firm
Haines Watts
 Advisory, Auditing & Accounting,
 Corporate Finance, Fiduciary &
 Estate Planning, Tax
 More than 60 offices
 throughout the UK
 T: +44 207 025 4656
 W: hwca.com
 ✉ **Nicola Goldsmith**
 E: ngoldsmith@hwca.com

GGI PG Webinar Litigation & Dispute Resolution (LDR)

GGI member firm
TeekensKarstens
advocaten notarissen
 Law Firm Services
 Alphen aan den Rijn, Amsterdam,
 Leiden, The Netherlands
 T: +31 71 535 80 00
 W: tk.nl
 ✉ Johan F. Langelaar
 Global Chairperson of the LDR PG
 E: langelaar@tk.nl
 ✉ Michiel Teekens
 E: teekens@tk.nl

Thursday, 07 October 2021
17:00 CEST
Chairs: ✉ Johan F. Langelaar
 & ✉ Michiel Teekens

Experience is key to develop and maintain our litigation skills. While we all strive for optimal results, the litigation practice can have surprising twists and turns



**Johan F.
Langelaar**



Michiel Teekens

from which we learn. Such twists and turns can be devastating, but some of them – at least with hindsight – are also fun and enable us to put things in perspective.

Leading this session, [✉ Michiel Teekens](#) (TeekensKarstens advocaten notarissen, The Netherlands) would like to share one of his encounters

with an unforeseen twist and turn, and hopes to hear other examples from fellow LDR PG attendees during this very interactive session.

This webinar is for members of the Practice Group and any GGI members wishing to join the PG. Please check within the internal area of [✉ ggi.com](#) for the link to register

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GGI World Conference ONLINE

Wednesday, 20 October 2021

11:00 EDT | 17:00 CEST

Keynote Speaker: [✉ Prof Jacob Soll](#)

Here we are again, ONLINE. We had been planning to celebrate 25 years of GGI in Montréal last year but it seems that by the time we get there in 2022, it will be 27 years! Of course, we miss all of you in person and last year's event in full webinar mode meant that we didn't get to see your individual faces. We're changing that this year. We'd like to see all of you and to feel the warmth of our global 'family'.

We are delighted to welcome back our Keynote Speaker and friend, Professor Jacob Soll, who was with us at the GGI World Conference in Boston in 2015. Professor Soll will captivate the audience with his talk on "The First Bailout: The Crash of 1720 and Why Good Financial Management Matters"

In 1720, both the shares of the French Mississippi Company and of the British South Sea Company crashed, sending turmoil into early stock markets and causing sovereign debt crises. France was unable to respond to the crisis due to a lack of management



Prof Jacob Soll

experts. However, Britain was the centre of financial and management expertise in Europe. The government, opposition forces, and critics in the press helped forge a management solution to the debt. Key to this was a generally fluency finance and law which allowed for societal cooperation to solve the complex issues and put Britain into a position to become the dominant world economic power.

Born in 1968, Jacob Soll is a Distinguished University Professor of Philosophy, History and Accounting at the University of Southern California.

He received a D.E.A. from the École des Hautes Études en Sciences Sociales in Paris, France, and a Ph.D. from Magdalene College, Cambridge University. He has taught at Cambridge University,

Princeton University, Rutgers University, and the European University Institute in Fiesole, Italy.

Soll has been awarded numerous prestigious prizes.

He has spent the last several years directly involved with policy questions concerning the Greek debt crisis and EU economic policy, working with Greek, EU and private stakeholders, and has recently worked with the Portuguese government on financial reform. An award-winning Renaissance and Enlightenment intellectual historian, Professor Soll was also named one of the Top Accounting Power 50 2015 by The Accountant magazine, the oldest publication in the profession. Mixing historical scholarship with policy studies, he is now a noted independent public spokesperson for government transparency, international financial standards and professional accounting ethics.

He lives in Los Angeles.

Following the Keynote, we will be presenting the GGI Member Firm of

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the Year Awards 2021. There will then be some social breakout rooms to meet and greet, and actually talk to one another. You won't want to miss

this. Spaces are, however, limited. Do register early to be sure of your place.

This event is open to ALL

GGI members. Invitations will be sent out shortly.

GGI Webinar Italian- American Business Summit ONLINE

Thursday, 28 October 2021

11:00 EDT | 17:00 CEST

Chairs: [✉](#) Andrea Fantozzi
& [✉](#) Francesca Baldi

An opportunity for GGI members in Italy and the US to discuss cross-border opportunities. For further information, please contact the meeting chairs directly.

The webinar is open to all GGI members interested in this topic.

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Francesca Baldi



Andrea Fantozzi

GGI member firm
Baldi & Partners
Advisory, Auditing & Accounting,
Fiduciary & Estate Planning,
Law Firm Services, Tax
Reggio Emilia, Italy
T: +39 0522 271220
W: [baldianpartners.it](#)
[✉](#) **Francesca Baldi**
E: [francesca.baldi](#)
[@baldianpartners.it](#)

GGI member firm
Prager Metis International LLC
Advisory, Auditing & Accounting,
Corporate Finance, Fiduciary and
Estate Planning, Tax
With 24 offices, mostly throughout
the USA
T: +1 212 643 0099
D: +1 212 643 0099 x10279
W: [pragermetis.com](#)
[✉](#) **Andrea Fantozzi**
E: [afantozzi@pragermetis.com](#)

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Contents

GGI PG Webinar International Taxation (ITPG) North America

Thursday, 04 November 2021

11:00 CDT | 17:00 CET

Chair: [✉](#) Jeffery L. Mowery

Speakers: [✉](#) Michael Deering,
[✉](#) Ben Jeske, [✉](#) Steve McCrindle

ITPG Regional Chairperson North America, [✉](#) Jeffery L. Mowery (Mowery & Schoenfeld LLC, USA), invites you to join this webinar, which will cover the following topics:

- 15 Minutes of Your Fames – members go around and have one minute to present themselves, their firm, their favourite vacation spot, and other good news.
- [✉](#) Steve McCrindle (Haines Watt, UK) will provide some background information on VAT and how it applies to companies investing abroad.
- [✉](#) Michael Deering (Mowery & Schoenfeld LLC, USA) will describe how US estate taxes apply to non-US persons.



Jeffery L. Mowery



Michael Deering

- [✉](#) Ben Jeske (Ravinsky, Ryan, Lemoine LLP, Canada) will offer an overview of a case study on a cross-border transaction.

This webinar is for members of the Practice Group from the North American region, but members from other regions are also welcome to join. Please check within the internal area of [✉](#) ggi.com for the link to register or simply click on the button shown. We use Zoom for our meetings. Once you register, the meeting ID and password will be sent to you.



Ben Jeske



Steve McCrindle

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GGI member firm
Mowery & Schoenfeld LLC
Auditing & Accounting, Tax
Lincolnshire (IL), USA
T: +1 847 247 89 59
W: msllc.com
[✉](#) **Jeffery L. Mowery**
Regional Chairperson
North America of the ITPG
E: jmowery@msllc.com
[✉](#) **Michael Deering**
E: mdeering@msllc.com

GGI member firm
Haines Watts
Advisory, Auditing & Accounting,
Corporate Finance, Fiduciary &
Estate Planning, Tax
More than 60 offices
throughout the UK
T: +44 207 025 4656
W: hwca.com
[✉](#) **Steve McCrindle**
Global Chairperson
of the Indirect Taxes PG
E: smccrindle@hwca.com

GGI member firm
Ravinsky, Ryan, Lemoine LLP
Law Firm Services
Montreal (QC), Canada
T: +1 514 866 3514
W: ravinskyryan.com
[✉](#) **Ben Jeske**
E: bjeske@ravinskyryan.com

GGI PG Webinar Business Development & Marketing (BDM)

Tuesday, 09 November 2021

10:00 EST / 16:00 CET

Chair: [👤 Jim Ries](#)

Guest Speakers: [👤 Neville Pokroy](#)

If having a coach in sport brings the best out of the athlete, why not apply the same thinking to business development in a professional services environment?

Business Development is not a sprint; it's a marathon (even for a sprinter) – that is especially true when you are selling a service and your sale is partially an educational sale. It does not matter if you are the professional practitioner, or a business development or sales person for the professional services business. It is always a hard slog to win the next client.

In sport, winning a race is the thrill of a lifetime. But how much time is



Jim Ries

spent racing versus preparing for the race? And who is there, by your side, through thick and thin, to help coax the best out of you? Your coach. So why can this not apply to business, and in particular, to practitioners, and sales and marketing professionals in a professional services environment?

“He has always made the right decisions for me. He is a guiding light in my career and he has shown me the way to improve myself both as a person and as an athlete,”



Neville Pokroy

Usain Bolt said in response to the importance of his coach, Glen Mills.

In this webinar, you will see the parallels between sport and business, and learn why coaching could be the next step you need to take to springboard you to greater business success.

About the Guest Speaker

Neville Pokroy (BCom Honours (Marketing)) has over 30 years of experience in all aspects of marketing, from big corporate business to sole proprietorships. His hands-on experience has provided him with tremendous insight at all levels of the marketing discipline, and how it enables businesses to leverage marketing as a prerequisite for growth.

Neville's specific expertise includes: customer development (acquisition, retention, re-activation), positioning and branding, digital marketing, social media, interactive marketing, strategic and business planning,



consulting and coaching, retail marketing in both business-to-business (B2B) and consumer marketing (B2C) environments.

His industry experience includes: professional services, technology, retail, consumer goods, financial services, manufacturing, distribution, food, arborist supplies, construction, and property management, on both the client and service side of the business.

Neville's core value is enabling client organisations to adopt strategies that make them stand out from the

crowd and enable them to become leaders in their unique niches, while at the same time growing profitably.

This webinar is for members of the Practice Group and any GGI members wishing to join the PG. Please check within the internal area of ggi.com for the link to register or simply click on the button shown. We use Zoom for our meetings. Once you register, the meeting ID and password will be sent to you.

REGISTER NOW

GGI member firm
Offit Kurman Attorneys at Law
Advisory, Corporate Finance,
Fiduciary & Estate Planning,
Law Firm Services
15 offices throughout the USA
W: offitkurman.com

[✉](#) **Jim Ries**
Global Chairperson of the
Business Development &
Marketing PG
E: jries@offitkurman.com

New GGI Special Interest Group Diversity, Equity & Inclusion

Not too long ago, [✉](#) Richard E. Mastrocola, President and CEO of GGI member firm Tonneson + Co, approached Claudio G. Cocca and Michael Reiss von Filski with the idea of establishing a new GGI Special Interest Group in the area of **Diversity, Equity & Inclusion (DEI)**. He has the

full support of GGI leadership, as it is perfectly in line with GGI's Corporate Social Responsibility plans for the future. Rick has offered to be the Global Chairperson of this new group.

The intent of the DEI Special Interest Group would be to increase awareness and understanding about diversity, equity, and inclusion globally, across GGI member firms. This group would discuss best practices and offer education and training on DEI topics for the benefit of member firms. Areas of focus may include:

- Fostering inclusion and a sense of belonging in our firms;
- Education on unconscious bias;



Richard E. Mastrocola

- Education on moving through discomfort to have meaningful conversations;
- Expanding the diversity of our professional networks, advisors, and client base;
- Developing inclusive recruiting/hiring practices.

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GGI member firm
Tonneson + Co
Advisory, Auditing & Accounting,
Corporate Finance, Tax
Boston (MA), USA
T: +1 781 621 2339
W: tonneson.com
[✉](#) **Richard E. Mastrocola**
E: rem@tonneson.com

The DEI Special Interest Group will focus on building diverse, equitable and inclusive environments that foster awareness, growth, community, and collaboration.

GGI is far more than an association of professional firms. We have all managed to build an international community of professionals with

a strong and determined sense for values and skills. This new Special Interest Group will foster our values beyond borders and will send out an important message to all member firms, their partners, managers, staff and clients.

A kick-off conversation will be scheduled in due course in order

to determine the goals of this new Special Interest Group. We encourage your Human Resources professionals to participate, and we greatly value your input as we move this new group forward. All interested GGI members, who are interested in participating in this Special Interest Group, should contact Rick directly.

Leslie A. Berkoff Appointed to AAA-ICDR Council and AAA-ICDR International Panel

Leslie A. Berkoff, a Partner and Chair of the Dispute Resolution Practice Group at the Garden City office of GGI member firm Moritt Hock & Hamroff LLP, has been recently appointed to the American Arbitration Association (AAA) – International Centre for Dispute Resolution (ICDR) Council and to the AAA-ICDR International Panel.



Leslie A. Berkoff

The AAA-ICDR International Panel is composed of geographically diverse specialists in international dispute resolution who are highly regarded professionals from business and

legal communities. The ICDR is the foremost provider of global conflict resolution solutions to businesses and organisations involved in cross-border disputes, and handles more cases than any other international body.

professors, industry professionals, arbitrators and mediators. Through the work of Council Committees, the Council, among other tasks, serves to further the AAA's mission to provide fair, effective, efficient and economical methods of dispute resolution through education, technology and solutions-oriented service.

Leslie A. Berkoff has an active alternate dispute resolution practice and frequently serves as a mediator and arbitrator. She serves on the mediation panels of the Eastern, Southern and Northern Districts of the United States Bankruptcy Courts in New York State and the United States Bankruptcy Courts in Delaware and the Eastern District of Pennsylvania, as well as the Commercial Mediation Panel for Nassau County and the Nassau County Bar Association. She also serves on the mediation panels of the Bronx Supreme Court and Richmond County Supreme Court. Ms. Berkoff is a member of the Second Circuit United States Court of Appeals Pro Bono Appellate

The AAA-ICDR Council is part of the governance structure of the not-for-profit AAA-ICDR. Council members are experts and thought leaders in their respective fields, representing a wide range of perspectives drawn from their experience with diverse companies, law firms, academic and government institutions around the globe. The Council is comprised of over 90 business executives, attorneys, in-house counsels, retired judges, law

GGI member firm
Moritt Hock & Hamroff LLP
 Law Firm Services
 Garden City (NY), New York (NY),
 USA
 T: +1 516 873 2000
 W: moritthock.com
 Leslie A. Berkoff
 E: lberkoff@moritthock.com

Mediation Panel and is a Special Master for the Supreme Court of the State of New York, Appellate Division, Second Judicial Department, and is a member of the Dispute Resolution Section's Advisory Council of the American Bar Association (ABA). She is also the incoming Chair of the Business Law Section's Dispute Resolution Committee, and serves on the AAA National Roster of Arbitrators. She is the former Co-Chair

of the Mediation Committee and current Co-Chair of the Ethical Issues and Ethical Standards Committee (June 2020 to present) of the Dispute Resolution Section of the New York State Bar Association. Ms Berkoff is the Contributing Editor for the Journal Mediation Matters column for the American Bankruptcy Institute and an active member of the organisation's mediation committee. She serves as the Chair of the Mediation Sub-

Committee of Chapter 11 Lawyers and Judges Advisory Committee for the United States Bankruptcy Court, Eastern District of New York. Ms Berkoff is the former Chair of Moritt Hock & Hamroff's Bankruptcy Department and remains focused on bankruptcy and restructuring litigation and corporate workouts nationally and locally. She earned her J.D. from Hofstra University School of Law.

Successful Cooperation between GCG and GGI Members:

Stillwater Capital and Pallett Valo Advise Accelerated Systems, Inc. in its Sale to Briggs and Stratton, Corp.

In July 2021, a closed sell-side transaction of Accelerated Systems, Inc., to Briggs and Stratton, Corp., was announced, with GCG member firm Stillwater Capital Corporation and GGI member firm Pallett Valo LLP, acting as critical advisors to the seller.



Jordan Nix

Jordan Nix, Executive Vice President of Stillwater Capital, and Matt Kindree, Partner and Head of the Business Law Practice at Pallett Valo, first connected when Pallett Valo joined GGI. Their proximity in the Greater Toronto Area created the possibility of a strong partnership between the two firms, which was further strengthened during the GGI Pan-American Regional Conference in Houston in 2019.

After receiving an LOI, the Stillwater team sensed that a highly experienced



Matt Kindree

M&A lawyer would be required to advise on this complicated transaction. Stillwater suggested that the client review several legal firms and on a confidential basis, performed an initial screening with several firms on the client's behalf to gauge capability, capacity, and interest. As a result of Stillwater's outreach, three firms were recommended to the client for interviews. After speaking with Pallett Valo, the client immediately

made the decision that it was the firm to work with and no further interviews were needed. This was the first transaction Stillwater and Pallett Valo worked on together.

"Pallett Valo was an excellent partner in the transaction. The transaction was complex which required Matt and his team to be on their game, and he was fabulous at getting the

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job done in a way that worked for everyone. He was highly pragmatic, had sound judgment, and was outstanding with the client. We would recommend Pallett Valo as a law firm moving forward. It was

a great experience," said Mr Nix. "It was a pleasure working with Stillwater. Jordan and his team remained engaged from the negotiation of the letter of intent through to closing of the

transaction," said Mr Kindree. "They were outstanding advocates for the client and were instrumental in navigating several complex issues to ensure a successful outcome. We have since had the opportunity to refer other prospective clients to Stillwater and look forward to working with them again in the future."

"Stillwater values the exceptional quality of work that GGI members provide and will continue to recommend GGI firms to support client transactions," said Mr Nix.

[Click here to see the transaction announcement.](#)

GCG member firm
Stillwater Capital Corporation
 Corporate Finance
 Oakville, Toronto (ON), Canada
 T: +1 905 845 4340
 W: stillwatercapital.ca
[✉](#) **Jordan Nix**
 E: jnix@stillwatercapital.ca

GGI member firm
Pallett Valo LLP
 Law Firm Services
 Mississauga (ON), Canada
 T: +1 905 273 30 22
 W: pallettvalo.com
[✉](#) **Matt Kindree**
 E: mkindree@pallettvalo.com

FPS Dusseldorf in New Offices

GGI member firm FPS has moved its Dusseldorf offices to the 8th floor of the brand-new landmark building PANDION FRANCIS. With striking architectural design and state-of-the-art technology, the 14-storey building gives FPS Dusseldorf a prestigious, individual and contemporary home. The new offices are located in the city centre in the heart of Dusseldorf's "Little Tokyo", a trendy quarter with shops and restaurants that draws business people and tourists from all over the world.

FPS Dusseldorf welcomes any GGI members who plan to visit Dusseldorf, for either business or leisure, to stop



Home of FPS: The brand-new landmark building PANDION FRANCIS

by to say hello, have a coffee with the FPS team, and take a look at the new offices. In order to enjoy a first impression of the new location, GGI members are also invited to take a look at this short video FPS has prepared for its clients at [youtube.com](#)

GGI member firm
FPS
 Law Firm Services
 Dusseldorf, Germany
 T: +49 211 30 20 15-0
 W: fps-law.de
Dr Karl Friedrich Dumoulin
 Global Vice Chairperson
 of GGI's LDR PG
 E: dumoulin@fps-law.de



Office opening: Dr Karl Friedrich Dumoulin and Ingrid Burghardt-Richter

Tonneson + Co Named Small Business of the Year and Best Accounting Firm to Work For

Tonneson + Co is pleased to announce that the company was honoured as a *Small Business of the Year 2021* by the Greater Boston Chamber of Commerce. The annual Small Business

of the Year Awards showcase the contributions of businesses to their communities. Tonneson + Co was named *Small Business of the Year* in the Innovation and Growth category, which recognises a business that has developed or utilised technology and innovative practices to strengthen and accelerate its growth.



Richard E. Mastrocola

“Our innovation as a company comes from embracing leading-edge technologies and engaging with other companies and organisations in an exchange of best practices. We make a concerted effort to remain visible and top of mind as a resource to our strong network of businesses, individuals,

non-profits, and independent private schools. We feel grateful to have nurtured business and personal relationships that have spanned more than 40 years in the Greater Boston region. We are honoured and humbled by this recognition,” said

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GGI member firm
Tonneson + Co
 Advisory, Auditing & Accounting,
 Corporate Finance, Tax
 Boston (MA), USA
 T: +1 781 621 2339
 W: tonneson.com
[Richard E. Mastrocola](#)
 E: rem@tonneson.com

Richard E. Mastrocola, President and CEO of Tonneson + Co.

Tonneson + Co was also recently named as one of the 2021 *Best Accounting Firms to Work For* by *Accounting Today* and Best Companies Group. This list recognises companies that have excelled in creating quality workplaces

accountingTODAY

2021 **Best Firms to Work For**

for employees. Tonneson + Co was previously named to *Accounting Today's Best Accounting Firms to Work For* lists in 2020, 2019, 2018, and 2016. This survey and awards programme are designed to identify, recognise and honour the best employers in the accounting profession, benefiting their economy, workforce and businesses. The list is made up of 100 firms.

“Our company’s greatest asset has always been our people. We are grateful for this important acknowledgement, which is a reflection of the commitment of all members of Tonneson. In a year of challenges, adjustments and



fear of the unknown with COVID-19, our company’s values and culture have remained strong and steadfast,” said Richard E. Mastrocola.

Nathan M. Brandenburg Joins Moss & Barnett

GGI member firm Moss & Barnett is pleased to announce that [Nathan M. Brandenburg](#) has joined the firm. Nate represents closely held businesses and financial institutions with focuses on commercial real

estate, secured and real estate-based lending, automobile and marine dealerships, construction trades, healthcare, and professional services.

Nate has extensive experience representing commercial real estate owners and developers in areas of acquisitions, sales, 1031 transactions, development, leasing, and financing matters. In addition to his real estate practice, Nate represents numerous non-real estate businesses in areas of mergers and acquisitions, financing, succession planning, risk management, and general operational and contract issues. Nate’s financial institution experience includes representing lenders in loan and participation



Nathan M. Brandenburg

transactions, loan restructuring and workout matters, mergers and acquisitions of financial institutions, and corporate governance.

Nate received his J.D. from the University of Iowa College of Law, and his B.A., cum laude, from Washington University in St. Louis.

GGI member firm
Moss & Barnett
Law Firm Services
Minneapolis (MN), USA
T: +1 612 877 5340
W: lawmoss.com

[Nathan M. Brandenburg](#)
D: +1 612 877 5298
E: nate.brandenburg@lawmoss.com

Hațegan Attorneys Announces Organisational Restructuring

GGI member firm Hațegan Attorneys has announced an internal organisational reconfiguration from a pyramidal structure to a horizontal structure. This decision is part of the firm's ongoing efforts to innovate and change the paradigms specific to the legal sector in Romania.

Hațegan's new horizontal organisational structure has, at its foundation, individual teams focused on functional areas specific to the experience of the team's members. In this way, each team is strengthened by the specialised expertise of its members who in recent years may have had greater exposure and professional experience in certain areas of focus. Specialised teams at Hațegan are able to dedicate their expertise and full involvement in a certain area of practice without excluding their involvement in other projects, which will further ensure their diversified professional development.



Ioana Hațegan

Managing Partner, Ioana Hațegan, together with the Leadership Group. Hațegan Attorneys will further coordinate the firm's activities within the new horizontal organisational structure, aligning the firm with current international trends. Acknowledgment of individual staff efforts will focus on the experience and capabilities of the individual, rather than on that person's title or position.

Collaboration and Communication

Teams collaborate across areas of focus by sharing information, ideas and expertise, while each team member is empowered and responsible for his or her side of any specific project. Building on this collaborative spirit, Hațegan Attorneys is adopting an open-door policy so that each team member, regardless of title, position or seniority, may be

approached by anyone. The goal is to build a working environment and culture based on open communication and the exchange of ideas.

Diversity

The purpose of adopting this new structure is to create diversity for individual growth within the organisation. Hațegan management will continue to be provided by

Creativity

This new configuration encourages teamwork, collaboration and the creativity of each team member (skills and values which have been continually promoted within the company), while keeping the

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focus on valuing the uniqueness, the individuality and the growth potential of each team member. The teams serving our clients are formed according to the volume of activity necessary for each respective project and the areas of expertise relevant to the project.

Responsibility

In a horizontally structured organisation, the decision-making process is very different from a pyramidal, hierarchically structured organisation. While certain strategic and development decisions remain the responsibility of the Leadership Group, most professional decisions are made in a collaborative manner by interdisciplinary teams. Hațegan Attorneys is promoting an increased involvement of team members in the decision-making process and encouraging a greater degree of professional responsibility of each individual.

Hațegan Attorneys has appointed the following lawyers at the firm

as leaders of various practice areas. Assuming full responsibility for each area of practice are:

Alina Iosza –
Real Estate and PPP Leader
Florina Mattick –
Insolvency and SME Leader
Galina Gheorghe –
Litigation Leader
Adoriana Azoitei-Frumosu –
Data Protection and
Business Ethics Leader
Alin Tegzes –
Commercial Corporate Leader
Ioana Hațegan –
M&A and PE Leader

"Law firms have been operating according to a set of specific paradigms of organisation, structuring and collaboration for a very long time. It is well known that law is a field that is more reluctant to embrace innovation. What the recent months have shown us is that the paradigm we are used to must change because people, social contexts and work patterns are very fluid in our century and require adaptability to the needs of new generations and

increased agility," said Ioana Hațegan, Managing Partner. "Hațegan Attorneys responds to international trends in the legal sector and announces the adoption of the horizontal organisational model to promote the free professional development of team members, a multi-disciplinary focus, and strengthened collaboration within the team and between teams. We are encouraging everyone to be a leader in the true sense of the word, a leader of his or her career, putting at the service of clients and the team, his or her unique skills, experience and knowledge. For the success of the projects he or she is part of, with a high degree of decisional autonomy and responsibility."

GGI member firm
Hațegan Attorneys
Law Firm Services
Timisoara, Romania
T: +40 256 430 454
W: hategan.ro
✉ **Ioana Hațegan**
E: ioana.hategan@hategan.ro

Mowery & Schoenfeld, LLC Promotes to Partner:

Michelle L. Haines, Matthew R. Schoenholtz,
and James A. Wascher

GGI member firm Mowery & Schoenfeld, LLC, a Lincolnshire, Illinois-based accounting and consulting firm, is pleased to announce the continued growth of its organisation and leadership with the promotions of Michelle L.

Haines to Audit Partner, Matthew R. Schoenholtz to SAS Partner and James A. Wascher to Tax Partner.

"As our firm continues to grow, so does our leadership team. We are excited to have Michelle, Matt

and Jim bring their perspectives and experience to the table. I have worked with each of these individuals for years. They are dedicated to the firm, the industry and above all, to our people," stated Managing Partner, Jeffery Mowery.



Michelle L. Haines

Michelle joined Mowery & Schoenfeld in 2008 shortly after her graduation from Northern Illinois University. Michelle specialises in providing assurance and advisory services to construction and manufacturing companies. She prides herself on efficiently managing audit, review and compilation engagements. Michelle is excited about her promotion, and said that “after working here for so many years, it is important to play a role in the future of this firm.”

After serving as the financial leader for multiple organisations, Matt joined the Specialised Accounting team of Mowery & Schoenfeld in 2017. Matt serves as an outsourced CFO and



Matthew R. Schoenholtz

advisor for our clients. He specialises in consulting with businesses on their daily accounting, as well as overall strategic, operational and financial planning. Matt shared that he is “proud to have the opportunity to serve as a leader in the firm and to help push the organisation forward for years to come.”

Jim started with Mowery & Schoenfeld in September 2015. He specialises in providing tax and accounting advisory services to closely held companies and their owners. Jim enjoys finding the value in what may first appear to be just a bunch of numbers on a page. “I value working hard, moving



James A. Wascher

things forward, and helping the firm succeed into the future,” said Jim of his current promotion.

GGI member firm

Mowery & Schoenfeld LLC

Auditing & Accounting, Tax
Lincolnshire (IL), USA

T: +1 847 247 89 59

W: mslc.com

✉ **Michelle L. Haines**

E: mhaines@msllc.com

✉ **Matthew R. Schoenholtz**

E: mschoenholtz@msllc.com

✉ **James A. Wascher**

E: jwascher@msllc.com

Lawrence Grant LLP Appoints Ajay Shah as Partner

GGI member firm

**Lawrence Grant,
Chartered Accountants**

Advisory, Auditing & Accounting,
Fiduciary & Estate Planning, Tax
London, UK

T: +44 208 861 75 75

W: lawrencegrant.co.uk

Ajay Shah

E: ajay@lawrencegrant.co.uk

Lawrence Grant LLP is proud to welcome a new Partner to their firm, Ajay Shah.

Ajay brings more than twenty years of experience to the Lawrence Grant team. His areas of specialist expertise include EMI Option Schemes, Tax Valuations and Due Diligence. He also brings valuable experience in general practice tax and accounting. Ajay moves comfortably between advising on the day-to-day business needs of his clients and



Ajay Shah

the more complex challenges they may face, enabling him to offer the solutions that work best for them.

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Having worked as an accountant in industry as well as private practice, he fully understands the challenges that face business owners, whether they are large corporates or sole practitioners. According to Ajay “I get a lot of pleasure out of working closely with clients as their trusted advisor. I use my range of technical

skills to assist them in managing and strengthening their fiscal structures, strengthening businesses’ long-term growth and profitability.” On the weekends, Ajay can be found enjoying a good game of international cricket and also playing table tennis at home with his sons.

Alan Rajah, international tax partner said, “Ajay’s appointment fits perfectly with Lawrence Grant’s strategic growth plans and we are excited to have Ajay join our outstanding professional team who continue to serve our UK and international clients.”

KRD Named as One of the 2021 Best Accounting Firms to Work For

GGI member firm KRD, Ltd., was recently named by *Accounting Today* as one of the 2021 *Best Accounting Firms to Work For!* In response to the publication’s annual survey, designed to identify, recognise, and honour the best employers in the accounting profession.

GGI member firm
**Kutchins, Robbins
 & Diamond, Ltd. (KRD)**
 Advisory, Auditing & Accounting,
 Corporate Finance, Fiduciary &
 Estate Planning, Tax
 Chicago (IL), USA
 T: +1 847 278 4335
 W: krdcpas.com
 ✉ **Allen I. Kutchins**
 E: akutchins@krdcpas.com



Meet Dr Attila Kovács

Dr Attila Kovács is well-known within the GGI family. His firm, KRS Attorneys at Law, joined GGI over 15 years ago and Attila has served as the Global Chairperson of the Debt Collection, Restructuring & Insolvency (DCRI) Practice Group for the past 13 years. This autumn, he will step down from this position to give way to Byron Moldo. Get to know a bit more about Attila and his life and work in this interview below.

Dr Kovács, who are you and what does your firm specialise in?

I'm an enthusiastic restructuring lawyer, but I also like to be involved in M&A and real estate transactions. Our office is active in all fields of business law including tax advisory services.

When did you join GGI?

In February 2005 – so 16 years ago, and we look forward to celebrating our 20th anniversary with GGI in a few years.

How did your role as Global Chairperson of the DCRI PG affect your GGI membership?

I've always been a quite active member and attended as many conferences as I could. Due to the size of GGI, fifteen years ago it was much easier to know most of the

GGI member firm
**Kovács Réti Szigheő
 Attorneys at Law**
 Law Firm Services
 Budapest, Hungary
 T: +36 1 275 27 85
 W: krs.hu
Dr Attila Kovács
 E: kovacs.attila@krs.hu



members and regular participants at GGI events. As the organisation has grown, my role as a Global Chair helped me a lot to maintain a high profile and to make contact more easily with new members, too.

What has been your most memorable GGI Conference or PG meeting, and why?

Oh, there were so many, it would be very difficult to pick just one! Actually, I have always liked the conferences by the sea, because of their very special atmosphere, for example, in Rio de Janeiro, Cannes, Cancun, Phuket, Bali, etc. And ITPG meetings also always had some special flair.

However, if should I indicate only one, then it would be of course the GGI World Conference in 2009 in Budapest, Hungary – my own

country. It was a great thing to cooperate with the GGI team to prepare and organise one of the most memorable conferences ever. I'll never forget our closing dinner – it was like our wedding, really.

You have chaired the DCRI PG for more than 13 years. What has been your funniest experience during this time?

Well, it was indeed very fun to close one of our sessions with a very fine selection of Irish beers and to enjoy the free time with participants.

...and your most exciting or rewarding experience during this time?

It's been very rewarding to have the enthusiastic participation of so many GGI colleagues; it was a

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welcome and unexpected surprise. And of course, the positive reactions after Practice Group meetings, which resulted in a nice number of regular members over the years. I am proud, to have built up this Practice Group of professionals from zero and to shape it into a forum that enhances business and contributes to the exchange of useful knowledge and know-how.

What is your best advice for your successor (the next Global Chair of the DCRI PG)?

During PG meetings, everyone is very enthusiastic; however, after the meeting this enthusiasm can disappear and subliminate. You must divide planned follow-up activities among as many people as possible, because each one has a full and difficult workload at home and it can be very difficult to get and keep people active to achieve our common goal. You have to keep in touch with and motivate the PG members continuously between conferences.

What is your business credo?

Think globally, win locally. However, "think the unthinkable" is nowadays probably even more up-to-date!

In your spare time, what is your passion and why?

If I should mention my passion and not just my hobby, then vintage cars and touring with motorbikes come first, followed by movies and sports. I'm truly fascinated by engines and the smell of petrol, and even more by the



feeling of freedom that a motorbike or a convertible car can offer you.

If you could change something in the world, what would that be?

I'd like to avoid any extremity in the world and to see that people are not only talking about pluralism, but also following and living it. And I also mean the minorities here, who are able to accept the opinion and values of the majorities.

What job would you be terrible at?

Singer. For sure.

Do you like old-fashioned calendars or do you save all your appointments digitally? Why?

The calendar can only be an electronic one for me. Any appointment that

is not stored in my mobile phone simply does not exist. It is always at hand and helps me to organise my life and share my activities and appointments with other people.

If you could join any past or current music (artist) group, which one would you join and why?


I wouldn't. Music is very important to me but I'm much too introverted to be a performer – I'll continue to listen.

Could you share with us something that no one at GGI knows about you?



When I retire, I would like get involved in dog-breeding. Besides my other passions, it would be great to establish a Wolfsspitz kennel in memory of our beloved dog, Wolfi, who was very well known to many GGI members.

Help Clients Prepare for the New Lease Standard

By Joe Pink


Because the new lease accounting standard is judgment-based, judgment is often required to determine if a contract qualifies as a lease – **this makes it an excellent area to add value for clients.** Encouraging clients to prepare for the new lease standard today not only helps them but  relieves audit fee pressure on you come next year.

Tips for transitioning leases


Implementing the new lease standard requires  transitioning existing leases from the old standard. Here are steps to help clients capture this process accurately on their  financial statements:

1. **Practical expedients.** Ask clients to consider their policy elections, particularly around the practical expedients they utilise. Key practical expedients include:

- a. **Initial application date**
Apply the standard only to the most recent period without restating prior periods.
- b. **Reassessing leases**
You can elect not to reassess three different lease factors:

GGI sponsor
Leasecrunch
W: leasecrunch.com
 **Joe Pink**
E: joe.pink@leasecrunch.com



- i. Whether expired or existing contracts contain leases;
 - ii. The operating vs capital lease classification on existing or expired leases;
 - iii. Whether initial direct costs for existing leases would qualify for capitalisation under the new standard.
- c. **Use of hindsight**
Elect to use hindsight on lease renewals and purchase options when determining the lease term and in assessing impairment of an ROU asset.
 - d. **Discount rate**
Elect to apply a single discount to a portfolio of leases with reasonably similar characteristics.
2. **Lease liability** Calculate the present value of all future lease payments after the Initial Application Date.
 3. **Right of Use (ROU) asset** Starting with the lease liability, add or subtract balances on the balance sheet related to this lease.
 4. **Book it!** Record the asset and liability as of the initial application date and you're ready to go forward.
 5. **Equity affected?**  Adopting the new lease standard will *not* affect equity for the most common types of leases. Below are examples where it can be affected:
 - a. Initial direct costs
 - b. Hindsight for impairment or lease term
 - c. Operating lease transition under IFRS 16
 - d. Built-to-suit arrangements, currency translation differences and sale-leaseback transactions

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Save time implementing

Implementing the new lease standard with spreadsheets requires weeks to build with all the necessary formulas (even for one client). With software, setting up clients is easy. Simply enter lease information, and with one click

generate journal entries, amortization schedules and footnote disclosures.

Additionally, ongoing maintenance is [↗](#) exponentially faster with lease accounting software than with spreadsheets. Spreadsheets and formulas are easily broken, especially when several people are working in it. When you add the work the

new lease standard brings, like calculating annual quantitative footnote disclosures, and ongoing maintenance which takes up a lot of time for companies and their auditors, this process becomes more expensive. For more info on how lease accounting software can help simplify implementation, contact joe.pink@leasecrunch.com.

Food and Beverage False Advertising Litigation

By [↗](#) Pooja S. Nair

Despite the COVID-19 pandemic, 2020 saw more false advertising food and beverage cases filed in the United States than any year prior, continuing a trend in this area. One hundred and seventy-seven actions were filed in 2019, up from 164 in 2018, and 145 in 2016 and 2017. To put these numbers in context, only 53 of these cases were filed in 2011. This article offers an overview of some of the food and beverage false advertising and labelling cases filed so far in 2021, and anticipated trends for this type of litigation going forward.



Pooja S. Nair

US courts have applied what is known as the reasonable consumer test to determine if a product's advertising or labelling is misleading. The reasonable consumer test asks whether an advertisement or label would mislead an objectively reasonable consumer, and requires a probability that a significant portion of the general consuming public or of targeted consumers, acting reasonably in the circumstances, could be misled.

The Food and Drug Administration (FDA) sets the rules about what information needs to be included on food labels, and sets standards of identity for when certain products may use certain names (for example yogurt or milk). The FDA has not provided labelling guidance in certain areas, for claims such as "healthy," "all-natural" and "plant-based". Lack of regulations

about when such terms may be used by food and beverage companies has led to lawsuits claiming such terms are misleading to consumers.

Under the Biden administration, both the Federal Trade Commission (FTC) and FDA have indicated that regulating labelling, standards of identity, and advertising are a priority. Additionally, the House Appropriations Committee directed the FDA to prioritise some of these labelling and product standards of identity issues to increase clarity for consumers.

Environmental/ Sustainability Claims

Companies touting the environmental actions and sustainability of their products in their advertising and labelling are increasingly facing scrutiny and lawsuits. These lawsuits allege that companies "greenwash" their products in their labelling and communication to consumers by claiming to be environmentally friendly in their business practices, in contrast to employing pollution-generating, unsustainable processes.

Overview of False Advertising Law and Regulations

Claims about a food or beverage product made on the product's label or in advertising can give rise to allegations of false advertising – essentially that the way the product is labelled is misleading to a reasonable consumer.



For example, in February 2021, consumer groups filed a complaint letter with the FTC against Smithfield, claiming that the company's portrayal of its farming process as environmentally friendly is deceptive and misleading.

In May 2021, a class action suit was brought against Heft's recycling bags, which were marketed as "perfect for all your recycling needs". The class action lawsuit alleged that the bags were not recyclable and were indistinguishable from regular plastic bags. Food and beverage companies extolling the virtues of their packaging, or claiming that some products are particularly recyclable, must ensure they are able to support such claims.

Flavour Lawsuits

In the past three years, vanilla flavouring has been the focus of the largest number of false advertising cases filed regarding a single word. Claims allege that defendants' "vanilla"-labelled products contain flavouring ingredients that do

not come from vanilla beans, and instead come from artificial flavours. In the past few years, courts have considered and dismissed the vast majority of these cases. Defendants continue to have success with early dismissal of these claims—the first half of 2021 saw a string of rejections by the court of these vanilla cases, with Trader Joe's, Whole Foods, and the maker of Dove ice cream bars all successfully defeating lawsuits.

Despite frequently resulting in a dismissal, plaintiff attorneys are determined to continue trying their luck with flavouring lawsuits, branching out to several new products. Most

recently, plaintiff firms have had their eyes set on popular snack products. For example, a case was filed in Illinois against Frito-Lay North America, Inc., alleging that Frito-Lay falsely advertised its Tostitos chips as having a "hint of lime" when, in reality, the chips' lime taste comes from artificial ingredients, not actual limes. Similarly, a lawsuit involving TGI Friday's branded onion rings snacks alleged that the company falsely advertised the product as "onion snacks" when the product does not contain any actual onions, deriving its flavour instead from artificial ingredients.

"All Natural" Claims

Litigation regarding products' use of the term "all natural" remains prevalent in light of the FDA's reluctance to provide guidance concerning the meaning of the term "natural".

On 24 March 2021, a federal judge in New York certified three classes

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GGI member firm
Ervin Cohen & Jessup LLP
 Law Firm Services
 Beverly Hills (CA), USA
 T: +1 310 273 63 33
 W: ecjlaw.com
 ✉ **Pooja S. Nair**
 E: pnair@ecjlaw.com

of plaintiffs in a litigation against Kind LLC in which plaintiffs alleged that Kind deceptively marketed several products as “all natural” and “non-GMO” when in truth the products contained synthetic and genetically modified ingredients. The court granted certification despite the fact that the plaintiffs could not provide a concrete definition of the term “natural”.

In May 2021, parties in a litigation concerning McCormick & Company, Inc.’s use of the term “natural” to advertise several of its products filed a motion for preliminary approval of a class action settlement. The litigation rested upon the plaintiffs’ allegations that McCormick misrepresented several varieties of its spices and seasoning products by labelling them as “natural” when in reality they contained synthetic, artificial and/or genetically modified ingredients, including corn starch, white corn flower, and citric acid.

Trends and Takeaways

In the wake of the global COVID-19 pandemic, consumer class actions and false advertising cases against food and beverage companies continued in full force. Lawsuits filed so far in 2021 indicate that these cases will continue.

- **Healthy Claims:** While “healthy” false advertising cases remained pervasive in 2021, recent announcements by the FDA provide hope that we will finally receive some guidance regarding proper usage of “healthy” terms in the near future.
- **Increased FTC Activity:** The FTC has shown more activity and issued warnings against dietary supplement companies and in the fertility area.
- **Artificial Flavouring:** Although there has been an increase in

the number of cases filed, this will not necessarily translate into an increase in victories. Several artificial flavouring cases were filed by the same group of plaintiff firms that are also notorious for filing hundreds of lawsuits alleging false advertising causes of action based on the use of artificial flavouring. These lawsuits are increasingly being dismissed in the early stages of litigation for failure to allege a viable claim.

- **All-Natural Cases:** Plaintiffs continue to find traction with “All Natural” cases, in light of the FDA’s reluctance to provide more guidance on what exactly qualifies as “natural”. Without further guidance from the FDA, it is likely that class certifications and settlements will continue.

TraFinG Act Results in Major Changes to Transparency Register Legislation with Effect from 01 August 2021

By Wolfgang Paul

On 25 June 2021, the German Bundestag adopted the Transparenzregister und Finanzinformationsgesetz (TraFinG, transparency register and financial information act). The Act represents the implementation of Directive (EU)

2019/1153 of the European Parliament and of the Council of 20 June 2019.

The purpose of the Act consists, in particular, in facilitating the linking up of European transparency registers, in order to combat money laundering and terrorist financing more effectively than to date. In

addition to the link-up function, the Act entails major legal obligations and burdens for all legal entities and registered partnerships in Germany. Furthermore, it affects trust managers as well as trustees of unincorporated for-profit entities based in Germany and the relevant legal structures.

PAST

FUTURE

In future, they all have a duty to notify the transparency register of the information on their ultimate beneficial owners indicated in Section 19 (1).

In addition to electronic registration with the transparency register, this requires – especially in the case of complex company and participation structures – to some extent, positively profound knowledge of what the Act defines as an ultimate beneficial owner pursuant to Section 3 GWG (German Money Laundering Act). This applies specifically to participations abroad and/or chain-based participations (Kettenbeteiligungen), trusts, usufruct structures (Nießbrauchkonstruktionen), subparticipations and shareholders' agreements that comprise, for example, voting agreements or profit transfer agreements etc.

The material effect of the Act is the complete removal of the presumption

GGI member firm
nbs partners
 Auditing and Accounting, Tax,
 Law Firm Services
 Hamburg, Germany
 T: +49 40 44 19 60 12
 W: nbs-partners.de
Wolfgang Paul
 E: paul@nbs-partners.de



Wolfgang Paul

of notification (Mitteilungsfiktion), which to date was regulated by Section 20 (2) GWG.

To date, it protected the most common types of companies in Germany, namely the GmbH (limited liability company) and GmbH & Co. KG (limited partnership with GmbH as general partner). With regard to the GmbH, the list of shareholders that can be accessed via the commercial register often meant that the ultimate beneficial owner was evident from it and the transparency register did not therefore need to be notified specifically. With regard to the GmbH & Co. KG, this similarly applied, given the favourable view of the German Federal Office of Administration. All of this changed on **01 August 2021**. Every company in Germany (with the exception of unincorporated companies, such as partnerships under the German Civil Code, GbR) must expressly notify the transparency register of its ultimate beneficial owner. This applies, irrespective of whether the ultimate beneficial owner or an intermediate company is located in Germany, in the EU or in a third country

outside the EU. Accordingly, foreign investors and partners/shareholders will be evident from the transparency register in future, provided they meet the definition of ultimate beneficial owner under domestic anti-money laundering regulations. It should be noted that – as per the Act – all members of the public rather than only certain authorities and sector-specific companies, such as banks, have the right to inspect the transparency register.

The relatively generous transitional periods, which differ depending on the form of the company, are only of limited help.

In accordance with the Act, the duty to notify the transparency register, for example, is not required until 30 June 2022 for a GmbH and not until 31 December 2022 for a KG (limited partnership). The seemingly more or less generous time frame arising from these rules is deceptive and may result in inconvenient problems. In fact, notification of the ultimate beneficial owner to the transparency register will need to take place significantly sooner in many cases. This is because every company which, for example, enters into a relationship with a bank (opening of an account), which wishes to have a plot of land recorded in an official document by a notary, which establishes a client relationship with a tax adviser, accountant/financial

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auditor or – in many cases also – with a lawyer, or which instructs an estate agent with a property transaction, pursuant to Section 12 (3) Clause 2 GWG, must present an extract from the transparency register and/or transparency register certificate to the other party to the agreement when the business relationship is established. For this purpose, however, the company must be entered in the transparency register. This already applies before the above-mentioned transitional periods expire and affects every business relationship with a party subject

to anti-money laundering duties pursuant to Section 2 (1) GWG if it has an obligation to carry out identity checks as part of its due diligence. In addition to the above-mentioned, this may include other companies from the financial sector, e.g. investment companies, certain insurance companies, payment services providers as well as companies from the non-financial sector, such as high value goods dealers, art dealers and fine art storage facilities.

Consequence: Notaries will refuse certification from 01 August 2021

onwards if no extract from the transparency register is available regarding the parties to the certification procedure. Banks will not open accounts without the relevant extracts from the transparency register.

Conclusion: It can be stated that, in future, law formation will hardly be possible where the persons behind a company or transaction, i.e. the ultimate beneficial owners, do not need to be disclosed.

Renewal of a Commercial Lease – A Landlord’s Silence Does Not Amount to Bad Faith

By  Daniel Waldman

When it comes to the renewal of commercial leases, courts have always remained adamant that deadlines must be strictly met. For example, if a tenant is required to exercise its option to renew its lease by a certain date, the renewal right will be lost if it is not exercised on time. In a recent decision by the Ontario Court of Appeal, it was affirmed that this rule remains true regardless of whether or not the landlord cooperates with the tenant in informing them of when the right to renew must be exercised. In coming to its ruling, the court also confirmed the limits on the

duty of good faith set out by the Supreme Court late last year.

In *Subway Franchise Restaurants of Canada Ltd. v. BMO Life Assurance Company*, 2021 ONCA 349, a Subway location was required to renew its lease at least nine months and not more than one year prior to the expiration of the term. Subway signed its lease with a previous landlord, which was later taken over by BMO. When BMO assumed the lease, Subway executed an estoppel certificate which indicated that the lease expired on 23 August 2018 and it was therefore required to exercise its option to renew the lease between 24 August 2017 and 23 November 2017.



Daniel Waldman

In its central database, Subway incorrectly noted that the expiry date was 31 May 2018. In early 2017, it sent a letter to the landlord and asked it to confirm the expiry date and the deadline to exercise the renewal option. The letter stated that “in the event that any of these dates differ from your records, please contact



us in writing immediately as your silence will be an acknowledgement and authorisation of their accuracy and our reliance.” The letter was not answered by the landlord and Subway sent numerous follow-up letters, which also went unanswered. Subway ended up relying on the inaccurate renewal date in its database and therefore exercised its option to renew outside of the required deadline. The landlord, in turn, did not accept Subway’s renewal of the lease.

Subway then commenced an application seeking relief from forfeiture of its lease. It contended that, by ignoring its requests for confirmation about the renewal date, the landlord failed to act in good

faith under the lease. In making its argument, Subway relied on the recent Supreme Court case of *C.M. Callow Inc. v. Zollinger*, 2020 SCC 45 (“*Callow*”), which set out some recent changes to the duty of honest contractual performance.

In *Callow*, the Supreme Court expanded the duty of honest performance in contract law and held that no contractual right can be exercised dishonestly. It is also held that dishonesty will include conduct that knowingly misleads another party or fails to correct a false impression created by the conduct of the parties. Please see our [🔗](#) article and [🔗](#) newsletter on *Callow* for more information.

In the *Subway* decision, the application judge (and subsequently the Court of Appeal) held that the landlord’s conduct did not amount to the sort of bad faith identified by the Supreme Court in *Callow*. Specifically, there was nothing to suggest that the landlord made any attempt to knowingly mislead Subway or create any sort of false impression regarding the renewal of its lease. Although BMO did not respond to Subway’s

inquiries regarding the renewal date, its silence did not amount to the sort of bad faith conduct set out in *Callow*. Subway was therefore denied relief from forfeiture of its lease.

This is not the first time a lower court has examined and applied the duty of good faith set out in *Callow*. Earlier this year, in *Brandt Tractor Ltd. v. BOMAG (Canada) Inc.*, 2021 ABQB 71, the Court of Queen’s Bench of Alberta considered *Callow* in the context of a distribution agreement gone wrong. In that decision, the allegation of bad faith was also rejected on the basis that there was no intentional attempt to mislead. Please see our [🔗](#) article for more information.

Both the *Brandt* and *Subway* decisions confirm that the expansive duty of good faith set out in *Callow* has its limits. In order to breach the duty to act in good faith, there must be an intention to knowingly mislead, which must be demonstrated by a party’s acts. Merely staying silent and not taking positive action will not amount to bad faith. Therefore, although the duty of good faith has been expanded, it will still only be applied in clear circumstances.

GGI member firm
Pallett Valo LLP
 Law Firm Services
 Mississauga (ON), Canada
 T: +1 905 273 30 22
 W: pallettvalo.com
[🔗](#) **Daniel Waldman**
 E: dwaldman@pallettvalo.com

IRC Section 965 Transition Tax Audits: Don't Be Caught Off-Guard

By  Ronald Kalungi¹

The Tax Cuts and Jobs Act (TCJA) of 2017 amended section 965 of the Internal Revenue Code (IRC) by imposing a one-time tax on US persons owning stock in certain foreign corporations with untaxed earnings as of the date the TCJA came into force. At the time of its enactment, this transition tax was estimated by Congress's Joint Committee on Taxation to raise USD 338.8 billion in tax revenue during the fiscal years 2018 through 2027. The revenue yield from this tax has actually been much lower than expected. The Tax Inspector General for Tax Administration (TIGTA) reported that as of 08 November 2018, taxpayers had reported only USD 30.2 billion in section 965 tax and paid only USD 11.2 billion (deferring USD 22.7 billion). This poor revenue yield has made the transition tax one of the principal focal areas of audit compliance efforts by the Internal Revenue Service (IRS) – efforts that shouldn't catch affected taxpayers off guard.

Overview

IRC Section 965, as amended by the TCJA, required US shareholders of "specified foreign corporations"



Ronald Kalungi

(SFCs) to pay a one-time tax on the SFC's earnings as if those earnings had been repatriated to the United States in the SFC's last tax year beginning before 01 January 2018. Section 965 required taxpayers to include in gross income their share of the SFC's undistributed and previously untaxed post-1986 earnings and profits. For corporate taxpayers, foreign earnings attributable to cash and cash equivalents were taxed at a 15.5% rate; foreign earnings attributable to all other (non-cash) assets were taxed at an 8% rate for the taxable year 2017.

To soften the cash flow burden payment of the transition tax would impose on affected taxpayers, Congress permitted those taxpayers to pay the tax in interest-free instalments over eight years: 8% of the tax in years 1 through 5; 15% in year 6; 20% in year 7 and 25% in year 8. Unpaid instalments are accelerated

and due if an instalment payment is missed, the taxpayer liquidates or sells substantially all of its assets, or the business ceases operation.

Key IRS Audit Compliance Focus Areas

The IRS section 965 transition tax audit compliance campaign will likely encompass every aspect of this tax. Highlighted below are some of the likely key focus issues for this campaign.

Form 5471 Filers: Taxpayers who filed Form 5471 (Information Return of US Persons With Respect to Certain Foreign Corporations) for the taxable years 2017 and 2018 but did not report the section 965 transition tax should be prepared to explain to the IRS why they were not subject to the transition tax in those years. A taxpayer who filed Form 5471 but did not report the transition tax may have a good explanation for the nonreporting: The foreign corporation may not be an SFC, in which case it would fall outside of the scope of the transition tax. If an SFC, the foreign corporation triggering the Form 5471 reporting may not have had untaxed earnings and profits, or had accumulated losses in the 2017 and 2018 taxable years, and therefore no section 965 income inclusion in either case. It is important for each Form 5471 filer to take a step back and review the

¹) Ronald Kalungi is an International Tax Director at Drucker & Scaccetti, P.C. In his role, Ronald provides tax planning, tax compliance and business consulting services to a broad base of clients, including multinational corporations, partnerships, S corporations and high net-worth individuals.



reason(s) why they did not report the section 965 tax in the relevant years because the IRS is expected to target these filers first when scoping the pool of taxpayers subject to its section 965 tax audit compliance campaign.

Taxpayers who reported the section 965 Transition Tax: Taxpayers who reported and paid the section 965 transition should expect inquiries from the IRS about the transition tax, and many such taxpayers should expect an audit of their section 965 tax. An audit of the section 965 tax could be costly – potentially forcing companies

to go through 31 years of earnings and profits and foreign taxes paid or accrued in order to prove to the IRS that the section 965 tax was computed correctly. The section 965 tax audits will likely focus on two computational issues: (1) the post-1986 accumulated earnings and profits (E&P), and (2) the amount of foreign earnings attributable to cash and cash equivalents. The E&P amount determines the amount of the tax due, and its computation involves many complicated issues, including the netting of positive and negative balances for different SFCs. In addition, since the section 965 tax was designed to treat cash (and cash equivalents) assets differently from non-cash assets, the IRS is likely to examine which foreign earnings are attributable to cash and cash equivalents, and which foreign earnings are attributable to non-cash assets, and it will focus particularly on companies that elected to use a date to calculate earnings and cash position other than 02 November 2017 or 31 December 2017. Recordkeeping will be key for taxpayers who decide to challenge IRS audits on these issues. Consultation

with professional advisors will be equally important. The complexities inherent in various section 965 transition tax issues leave little room, if any, for a “go it alone” approach.

Taxpayers who elected to pay the section 965 Transition Tax in Instalments: For taxpayers who elected to pay the transition tax in eight (8) annual instalments, the IRS will be examining how well they are complying with the instalment payment agreement: Whether they are paying the annual instalments; whether there has been an acceleration event that triggers payment of all the remaining instalments, and, for transfers of equity interests by taxpayers subject to the instalment payment agreement, whether the IRS’s approval was sought and received.

In a nutshell, taxpayers should not assume that the section 965 transition tax is a thing of the past. It is not. Innumerable issues regarding this tax will remain bones of contention between taxpayers and the IRS for the next several years.

GGI member firm
Drucker & Scaccetti, P.C.
 Advisory, Auditing & Accounting,
 Corporate Finance, Fiduciary &
 Estate Planning, Tax
 Philadelphia (PA), USA
 T: +1 215 665 3960
 W: taxwarriors.com
 ✉ **Ronald Kalungi**
 E: rkalungi@taxwarriors.com

Your Low Emotional Consciousness is Making You Vulnerable!

By  Sameer Kamboj

This is the 4th part of the ten-part series “10 Mistakes Made by Entrepreneurs on Their Path to Scaling Up”, today on **Emotional Vulnerability**. Even after becoming emotionally intelligent, we can be vulnerable when we do not deal with our emotions consciously. We become either oversensitive or insensitive to our own and to others’ emotions. Using various techniques of Emotional Intelligence, whether using the Ability model or Trait Model, we are able to get down to the symptomatic levels of our emotions – but we are often unable to understand “Why we are the way we are?”

Fuzziness

Most people do not know how to deal with emotions, whether their own or those of others. In fact, the word **emotion** triggers some **fuzziness** inside them and they make walls of rationality around themselves to get rid of this fuzzy feeling. When

GCG member firm
SKC World
 Advisory, Auditing
 and Accounting, Tax
 New Delhi, India
 T: +91 11 41324 619
 W: skc.world
 **Sameer Kamboj**
 E: sameer.kamboj@skc.world

logic and rationality can no longer provide effective, functional efficiency, fuzzy feelings begin to emerge.

Symptomatic Emotions and Compulsiveness

This fuzzy feeling is like a noise inside the head that makes us react in multiple ways. Stress, anger, depression, anxiety, angst, jealousy, envy, comparison, competition, procrastination, confusion, numbness, fear, need for appreciation, feelings of inadequacy, and more are the kind of experiences we feel as a consequence. These are only the symptomatic emotions and not the root cause. As these feelings arise, our body and mind react in a predictable, almost pre-programmed manner leading to an automatic reflexive action system, leaving us with little or no choice in how we respond. For example biting one’s nails when stressed or trying to think hard. This entire process is termed as compulsiveness. People either struggle with this **compulsiveness** or give into it – “I’m just like this! Deal with it!” is an extremely popular line when someone is frustrated with their own compulsions and just unable to change.

Consciousness is the polar opposite of compulsiveness. It is the response which most of the time is unpredictable, rationale and a symptom of evolution. As we gain emotional intelligence,



Sameer Kamboj

we become more aware of the kinds of emotions that are triggered in us as well as in others, leading to somewhat better control over our lives and our emotional responses, yet compulsiveness remains firmly rooted. Once an emotion is triggered, we can try to safeguard ourselves against some of its consequences, but we are often unable to control the eruption of the emotion itself. For example, once anger has been triggered, we may choose to remain silent, go for a walk, express our anger, suppress it, use substances like alcohol, tobacco etc., or try to distract ourselves from it. However, once anger has erupted, our life starts to circle around it. This emotion becomes the anchor point around which our struggle happens.

Imagine you have fractured your right arm. Going forward, the way you will deal with life will be in context of your experience with that arm. What this means is that the way you get up, go to sleep, take a bath, eat food, work, will all be governed by that arm which is not well, which will not let you live a completely able and normal life for a temporary period. It will become like an anchor holding you down, not allowing you



to function at your fullest. Emotions are exactly like that; once you have a generated a feeling, whatever you do, you will think **because** of it. If you are feeling sad, then no matter how happy the place you go to, at your core something will be weighing you down. These experiences and emotions become the anchor points of life around which everything revolves.

Emotional Consciousness

Until we become **emotionally conscious**, we remain emotionally vulnerable because we remain **compulsive** and **subservient** to our emotional structures. Emotional Consciousness is our ability to overcome the compulsions of our emotions both at the causative and the symptomatic level. We all lead a life of choices where we can pick and choose whichever emotion to use to lead our lives, while working to ensure that these choices will neither make us compulsive nor habitual.

Take the example of an entrepreneur whose key emotional driver is **Fear of Losing**. You will notice that all his

decisions remain continually rooted in this fear. He will have a compulsive need to win every argument and in the process, he will end up arguing even with his customers or his family. As he starts to lose business or love, his fear of loss is triggered even more. To overcompensate, he will now start to keep quiet, bottling up his emotions, resulting in lifestyle disorders like high blood pressure, high blood sugar, insomnia, stress, etc. Whenever the situation becomes overwhelming, he will explode like a volcano and then again retreat in an effort to maintain relationships. Even after becoming **Emotionally Intelligent**, this person remains as helpless as ever; in fact, he may suffer even more at times, since he is unable to eliminate the root cause of his distress: Fear of Losing.

The 5 Reasons Why Entrepreneurs are Unable to Deal with Their Emotions

1. Living in denial

We are conditioned to live in denial. Emotions have been

unmanageable in the past, therefore, let us become emotionless. This life of denial results in the start of making us extremely vulnerable. What is noteworthy is that men are more prone to committing this mistake than women. This is one of the reasons why women excel at almost everything they do.

2. Getting stuck with symptomatic emotions

We often get stuck with symptomatic emotions and are not able to dive deep to find the causative root emotions that lie within or underneath the fuzzy feelings. We have a tendency to arrive at quick conclusions and avoid the effort of deep thinking. Also, the numerous distractions created by multiple crises, obligations, and pleasures in our lives make it difficult for us to find the time for deep thinking.

3. Inability to connect and communicate

Due to our vulnerability, trust issues remain a huge obstacle. Past experiences of hurt force us to remain untrusting and on guard. "People are out to get me

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I need to protect myself.” This can be a deep conviction and it will keep us disconnected from all our relationships. As a result, many people exist engaging in only pretentious, superficial or transactional relationships.

4. Need for quick results.

We may tell ourselves, “There’s a lot at stake! Who has the time to engage with or indulge into the emotional, softer side of people?” Instead, we use fear or other incentives to get quick results. Time is of the essence and we need to hurry. With this mindset, we keep running endlessly, only to realise that we were running on a treadmill, not getting anywhere.

5. Inability to sit with ourselves.

We all suffer varying degrees of Loneliness. The moment we sit with ourselves, we need to face ourselves, our thoughts, our actions, and the consequences of our actions and emotions. Instead, we avoid contemplation and we look for someone or something to blame; we decide on a reason or explanation and quickly spring into action mode to set people and things right. We do not sit with ourselves. Not really, right? Because we do not know how to.

Emotions provide us with a reason to live. If we become conscious, we can create a million reasons to live for ourselves and create a fulfilling

and full life. No one wishes to scale up their miseries and suffering. When emotions do not get fulfilled, we suffer. Finding minor reasons for amplifying our negative emotions in search of fame, pleasures, gains, etc., do not play out in the long run, and our desire to continue living this way starts to take a hit. Very soon people talk of scaling down, retirements, sabbatical, travelling the world, “escaping”.

Emotionally vulnerable people lead half measured lives. Emotionally conscious people live fulfilled lives. They going and keep growing.

This was the **4th of 10 mistakes** an entrepreneur should avoid while scaling up!

REAL ESTATE PG

19 Motley Real Estate Ideas in Times of COVID-19

(The Last) Part VI: Hospitality and Special Purpose Properties

By [Peter Fassel](#) and [Helmut Seitz](#)

It seems as if the world is slowly realising that we are ultimately living through a long-term pandemic with an admittedly dangerous virus and things are starting to normalise. From our point of view, in countries like Sweden, which have put their faith in personal responsibility, accepting the risk that is inherent in every life, namely that one is mortal and could die at any time, things are returning to normal much sooner. It will be interesting to see how things develop in Australia or New Zealand,



Peter Fassel

where a zero-Covid strategy has been pursued. In Australia, in particular, there has been barely any tourism – other than domestic – for close to two years now. While in the DACH region, many



Helmut Seitz

hotels have been closed for close to half of the time in the last 18 months, in Australia and New Zealand they have been open almost throughout the entire time of the Covid pandemic. While



Airbnb's double-glazed airship-like cabin in Scotland

the hoteliers in the DACH region were supported by public funds, this was not the case on the southern side of the globe where hoteliers had to "digest" the absence of the normally numerous tourists themselves. These two completely different approaches could now be used to draw lessons from the respective other to plan and evaluate next steps ahead. As we see it, two trends can be identified. The legal and factual impossibility or impracticability of international travel generally leads to more domestic tourism. As far as non-touristic trips are concerned, such as business trips or short-term trips for unavoidable reasons, one needs an alternative offer to the classic hotel industry when it is closed.

The short-term lease of living space, especially in economically significant regions, is an exciting opportunity for property owners. During a pandemic, however, there are a few things to keep in mind: The more commercial platforms such as AirBnb or VRBO become, and the more openly they compete with the classic hotel industry,

they will increasingly have to tie in with the latter's requirements (fire protection and other business regulations, taxes, etc.). Since the rent per square metre to be achieved in short-term rentals is of course much higher than in classic long-term rentals, one will probably have to invest much more in equipment and service in the future – for example, for items such as manual or ongoing air cleaning – if one wants to operate within the respective legal framework. As far as domestic tourism is concerned, however, new directions such as glamping or winter camping seem to

be increasingly in demand. This opens up the possibility for owners of rural land to turn fallow meadows or forests into potential locations and sources of tourist revenue with relatively little effort and financial investment. The simplified requirements for setting up non-permanent, overnight accommodation make this an investment opportunity to cash in on rather spontaneously.

Summary

The range of our 19 Motley Ideas stretched from money storage to glamping, from laboratory spaces to pop-up stores and lock-down-safe buildings. Every challenge brings new and different possibilities, and even in a seemingly static business – as real estate would superficially be considered to be, with a little imagination and careful observation of the markets, opportunities can always be worked out. We hope to have entertained you a little and perhaps provided some useful food for thought. Stay fearless and healthy!

GGI member firm
HSP Rechtsanwälte GmbH
 Law Firm Services
 Vienna, Austria
 T: +43 1 533 05 33
 W: hsp.law
 ✉ **Peter Fassl**
 E: peter.fassl@hsp.law
 ✉ **Helmut Seitz**
 E: heli@mhatorneys.at

Reimagining Collaboration:

Slack, Microsoft Teams, Zoom, and the Post-COVID World of Work

By Phil Simon

Microsoft Teams. Slack. Zoom.
Google Workspace.

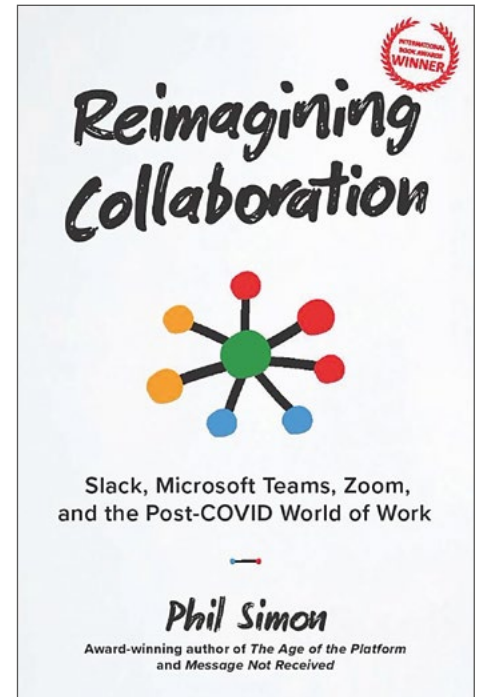
Every day, hundreds of millions of people use these very-popular collaboration tools, but only in decidedly limited ways: as email and Skype replacements. Because these folks are merely scratching the surface of what these robust collaboration hubs can do, they fail to realise their massive benefits.

Blame ignorance, not malice. With rare exception, organisations, executives, and rank-and-file employees have historically worked in piecemeal fashions. They have lacked a holistic

framework to fully understand the remarkable power of these applications, much less unleash them.

At least until now.

Reimagining Collaboration – the eleventh book from award-winning author and world-renowned collaboration expert Phil Simon – provides this essential framework. Simon introduces a bold new model of work. Ideal for HR professionals, knowledge workers, executives, remote workers, and small business owners, this timely, ambitious, and provocative book offers concrete tips for companies and groups on how to transform the way they work by embracing hubs and spokes.



Title: **Reimagining Collaboration:
Slack, Microsoft Teams, Zoom, and the Post-COVID World of Work**

Authors: Phil Simon

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