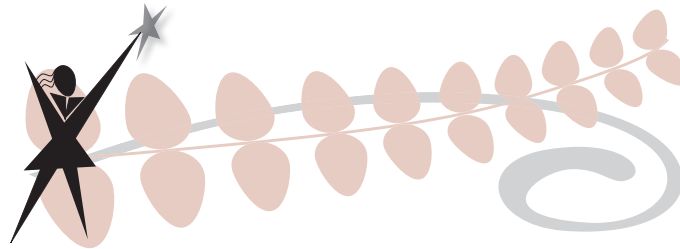


HOUSTON BUSINESS JOURNAL

Strictly Houston. Strictly Business.

Vol. 39 No. 15 Week of August 22-28, 2008

houston.bizjournals.com



WOMEN IN BUSINESSES BRIEFS

Going international challenges woman-owned businesses



Markley

With the increase in woman-owned businesses and the tendency of businesses to “go international” at ever earlier stages

in their life cycle, one local expert advises to stay leery of a new set of tax challenges that has converged in the foreign arena.

“Women may think that by staying at their desks in the U.S. and avoiding the hassles of international travel, that they can avoid being taxed in foreign countries,” says Meril Markley, principal with UHY Advisors TX LLC. “In short, they cannot, as countries extend their tax tentacles ever farther from their shores, creating traps for the unwary.”

A good example, she says, is recent Indian legislation that taxes Internet advertising revenue if a Web site is accessible in India, even if the host is outside India and bills

from outside India. Another example is double taxation of service revenue if services are performed in the U.S. but payment for them requires tax to be withheld by the foreign customer, Markley adds.

“In addition to the tax challenges, there is no limit to the obstacles women still face in foreign locales,” she says. “Everything from a facility with no ladies room — because no women work there — to a potential client who thought from e-mail correspondence that he would be dealing with a man and was not prepared to take advice from a woman (but eventually warmed up to it). Things that we might consider harmless such as inviting a male prospective client to lunch can send unanticipated signals in other countries.”

There is also the paradox of cultural disparity where a tax lawyer from another country has more credibility than one from home, just because of being foreign, she says. These

challenges can continue with the need to watch out for Social Security tax and labor rules when hiring someone in another country, especially generous labor rules such as extended maternity leave and the right to return to a job after a leave of absence for up to four years (France), she warns.

“Even if you venture outside the U.S., higher travel costs due to the decline in the dollar also have a tax impact,” she says. “For example, VAT on hotel bills is as high as 20 percent in some countries and is generally not refundable, although it should be deductible as part of the lodging expense for U.S. tax purposes. Depending on what you do and how long you’re in a foreign country, a U.S. company can end up having a taxable presence — even if it’s just a hotel room — and the individuals staying there become taxpayers (income tax and possibly other payroll taxes as well).”

Nicole Bradford and Thora Qaddumi