










# CONNECT

February 2009

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From left to right: Carl James, British Airways; Grammy Award Winner Jim Dale; and Michael Pedrick, Morgan Lewis LLP at the 2008 BABC Holiday Luncheon



## NETWORKING IN THE NEW YEAR



On January 22, the British American Business Council kicked off 2009 with the successful follow-up event, Cool Britannia. BABC members networked over authentic British cuisine and beverages at the luxurious AKA suites.

There could not have been a better night to grab some British fare after work. On a beautiful evening in Philadelphia, guests were able to tour an exclusive suite with a view over Rittenhouse Square Park, and enjoy first class British hors d' oeuvres.

Thanks to our member AKA: Rittenhouse for hosting this event.

 [Click Here to View Pictures](#)

## THE CHALLENGES OF GLOBAL MOBILITY

On **Thursday, February 26**, the BABC will present a Breakfast Roundtable Forum discussing the unique challenges companies face when relocating employees around the world. Our panel of specialists will share insights of how to best deal with the challenges of global mobility and the management of international cross border issues.

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In partnership with Continental Airlines, HSBC, Morgan Lewis and Deloitte, topics to be discussed include healthcare, visa/immigration, banking, employee benefit plans, taxes, local and overseas compliances obligations, and other regulatory requirements. Want to make your company more competitive in the global marketplace? Join us for "Borderless Organizations: The Challenges of Global Mobility" and learn how to make employee relocation a smooth process for your multinational company.

For more information, please call 215-790-3627.

[Click here](#) to see pictures from past BABC events



Interested in contributing to a future issue of Connect? Please contact Ricardo Maldonado at 215-790-3627 or

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## CLUB LEVEL MEMBERS:

## AWARD LUNCHEON WITH GOVERNOR RENDELL



The BABC is pleased to announce that the honorable Governor of Pennsylvania, Ed Rendell, will receive the 2009 "Building A Better Future" Award on **Tuesday, March 24** at The Union League of Philadelphia.

Our global ambassador, Governor Rendell, has been devoted to enhancing the region's transatlantic connection. With over 1,400 foreign companies investing in the Commonwealth, Pennsylvania is America's fastest growing state in international business development. The British American Business Council would like to recognize our governor for his contributions in expanding business internationally and in the US.

Past honorees of this award include: Jean-Pierre Garnier, Glaxo Smith Kline; HRH Prince Andrew, the Duke of York; John Kyees, Urban Outfitters; Rachel Brydon-Jannetta, Severn Trent Laboratories, Inc.; Leonard Graziano, Severn Trent Services, Inc.; Ed Ryan, Citizens Bank; Robert Roche, Jr., Cephalon; and Graham Broyd, Royal Bank of Scotland.

For more information, please call 215-790-3627.

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## CONTINENTAL AIRLINES ANNOUNCES NEW NONSTOP NEW YORK-SHANGHAI SERVICE!

Effective **March 25, 2009**, Continental will operate the nonstop flight daily with a Boeing 777-200 aircraft. Flight 87 will depart Liberty at 11:20 a.m., arriving in Shanghai mid-afternoon the following day at 1:45 p.m. The return flight 86 will depart Shanghai in the afternoon at 3:45 p.m. and arrive at Liberty in the evening of the same day at 6:20 p.m. Flying times will be approximately 14 hours and 30 minutes in each direction.

The new flights will feature Continental's award-winning BusinessFirst service. The Official Airline Guide has awarded Continental's BusinessFirst as the Best Executive/Business Class for five consecutive years (2003 - 2007), and Conde Nast Traveler magazine rated Continental's premium BusinessFirst service the highest among all U.S. carriers for trans-Pacific flights 10 years in a row.

Beginning in the fall of 2009, the premium-class cabin will feature Continental's new 180-degree lie-flat seats. The lie-flat seats feature more individual storage space and laptop power, iPod connectivity and 15.4-inch video monitor for customers to enjoy on-demand movies, music and games.

Flights to Shanghai will feature Continental's new Audio/Video on Demand (AVOD) in both the BusinessFirst and Economy cabins of its Boeing 777 aircraft. The entertainment systems on these aircraft will allow customers to choose from more than 250 movies, 300 short-subject programs including popular television shows and 1,500 music



tracks, with a jukebox feature to make individual playlists. In addition, this new entertainment system has 25 video games and the interactive Berlitz World Traveler foreign language program. Continental expects to complete the installation of AVOD on its fleet of Boeing 777 aircraft in May 2009.

Economy class on the Continental 777 is also exceptionally comfortable and spacious, in a 3-3-3 seating configuration with wider-than-usual aisles. Every Economy passenger has an individual seatback video screen, as well as an inflight telephone with overwater capability.

Continental Airlines is the world's fifth largest airline. Continental, together with Continental Express and Continental Connection, has more than 3,000 daily departures throughout the Americas, Europe and Asia, serving 140 domestic and 139 international destinations. More than 550 additional points are served via SkyTeam alliance airlines. With more than 46,000 employees, Continental has hubs serving New York, Houston, Cleveland and Guam, and together with Continental Express, carries approximately 69 million passengers per year.

Continental consistently earns awards and critical acclaim for both its operation and its corporate culture. For the fifth consecutive year, FORTUNE magazine named Continental the No. 1 World's Most Admired Airline on its 2008 list of World's Most Admired Companies. For more company information, visit [continental.com](http://continental.com).

SOURCE  
Continental Airlines

### US/UK IMMIGRATION UPDATE

Morgan Lewis, a BABC Club Level member, regularly monitors developments in US/UK immigration law through their Immigration and Nationality Services Practice, and the past few months have included some important changes that affect trans-Atlantic business travel.

On the U.S. side, DHS now requires all eligible citizens or nationals from the United Kingdom and other Visa Waiver Program (VWP) countries to obtain approval through the Electronic System for Travel Authorization (ESTA) prior to traveling to the United States. The VWP allows nationals and citizens of VWP countries to travel to the United States as visitors for business or pleasure for a temporary period of 90 days or fewer without first obtaining a B-1/B-2 visa stamp from a U.S. consulate. ESTA is a web-based system that determines the preliminary eligibility of nationals and citizens from a VWP country to board a carrier for travel to the United States. If approved, the authorization will be valid for multiple entries for up to two years or until the traveler's passport expires, whichever is shorter. Nationals and citizens of VWP countries who wish to travel to the United States as visitors for business or pleasure for a temporary period of 90 days or less and without a B-1/B-2 visa stamp should obtain ESTA approval as soon as travel is expected.

In addition, the UK government implemented a new immigration system for sponsoring foreign nationals (that is, foreign nationals who are not from one of the countries that make up the European Economic Area, or "non-EEA foreign nationals") effective November 27, 2008. The new system is "points based," and migrants now need to pass a

points-based assessment before they can work in the United Kingdom. The system will consist of five tiers. Each tier has different points requirements. The number of points the migrant needs and the way the points are awarded will depend on the tier under which he or she is applying. Points will be awarded to reflect the migrant's ability, experience, age, and, where appropriate, the level of need within the sector in which the migrant will be working.

For more information on the Morgan Lewis Immigration and Nationality Services Practice or these Immigration Alerts, please go to [www.morganlewis.com/immigration](http://www.morganlewis.com/immigration).

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### **UK TAX UPDATE Ð NEW LEGISLATION ON CORPORATE TAXATION OF FOREIGN PROFITS**

In December's Pre-Budget Report, the United Kingdom Government announced a package of measures following its review of the corporate taxation of foreign profits; this was followed by the release of draft legislation which is expected to become effective in spring 2009.

HM Revenue & Customs has indicated that much of the draft legislation is a work in progress and has been released for discussion. The possibility to see the legislation at an early date has been generally welcomed. However, in analyzing the detail of the draft legislation, it appears that certain aspects could have a significant impact on international businesses operating in the UK and concerns have been raised about the policy behind some of the proposals.

#### **DIVIDEND EXEMPTION**

The UK currently taxes foreign dividends received by UK companies (with the availability of a tax credit for overseas taxes suffered), but exempts domestic dividend receipts. Draft legislation proposes the introduction of a dividend exemption system which will operate by making all dividend receipts taxable, unless they fall within one of a list of exemptions. The effect will be that both foreign and domestic dividends received by large and medium groups on ordinary shares and most non-ordinary shares will be exempt from UK tax. A targeted anti-avoidance rule will operate to prevent avoidance activity seeking to exploit these dividend exemptions.

#### **INTEREST DEDUCTIBILITY**

Two separate proposals are contained in the draft legislation, relating to the deductibility of interest expenses:

- Introduction of a worldwide debt cap will apply by restricting the deduction for intra-group interest claimed by UK members of a multinational group where the interest borne in the UK is greater than the group's consolidated net external finance costs. The rules are very complicated and detailed discussions are on-going on how to simplify them. For inward investors, which are cash rich or have little external debt, the rules could restrict the possibility of debt funding UK operations.
- The existing unallowable purpose rules for loan relationships are to be extended. Again this is widely drafted so as to disallow interest on a loan which is part of a scheme or arrangement which has the avoidance

of UK tax as one of its main purposes. The rule may deny interest deductions on loans entered into before the new legislation is introduced.

### **CONTROLLED FOREIGN COMPANIES ('CFC')**

UK anti-avoidance legislation applies to a company that is set up overseas to keep it outside of the UK charge to corporation tax. Existing legislation applies by allocating a proportion of the profits of the CFC to the UK where they are subject to tax. A number of exceptions are available where it can be demonstrated that the CFC was not established outside of the UK for tax avoidance purposes or that profits of the CFC will be repatriated to the UK where they will be subject to tax.

Under the draft legislation, there are proposals to eliminate some of these exceptions. The Government has also announced an ongoing review of the remaining CFC rules, with draft legislation not expected until 2010 at earliest.

The UK Government is seeking feedback on its proposals by Tuesday, March 3, 2009. The U.S. and UK member firms of KPMG International are working with their clients in the United States, the United Kingdom and elsewhere to assess the potential impact on them. Following ongoing client consultation, the UK member firm submitted its initial comments to the United Kingdom Government for consideration, with additional representations likely to be made shortly.

The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

By Alan Turner, KPMG LLP.

This article represents the views of the author only, and does not necessarily represent the views or professional advice of KPMG LLP. KPMG LLP is a Club Level Member of the BABC".

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### **RIDING OUT A TOUGH ECONOMY: IT STARTS WITH YOUR NAME**

Brand Identity is the face of your business. It helps your customers quickly identify your brand and differentiate it from all of the other brands vying for their limited "brain space." Think Tiffany's blue boxes or the cursive Coca Cola typeface and familiar red and white packaging. Brand identity is often the first thing a potential customer hears about a company and it starts with the name.

If your name is hard to pronounce or is easily forgotten, it can be detrimental to your business growth and the impact can take years to reverse. Nike, one of the most recognized brands in the world was originally known as Blue Ribbon Sports (BRS). Blue ribbons are a sign of success at county fairs but have no cachet in the ultra competitive world of Olympics sports. But the real story is in the numbers. In 1978 when Blue Ribbon Sports was changed (after 16 years) to Nike, the company's brand value jumped from \$10 million to \$270 million. Today Nike is ranked the 30<sup>th</sup> strongest brand in the world with a brand value

of \$10.1 billion.

In a tough economy, a memorable brand identity is key to riding out the lean times and establishing a leadership position for the turnaround. And remember that when your brand identity is consistently communicated over all media channels (online and in print) it helps increase brand awareness-*Who are we?*-which builds brand loyalty-*You're the best and I'm telling everyone I know about you*-and ultimately increases brand equity-*I'm willing to pay more for you*.

Think Starbucks and the price of a double latte and you'll know just what I mean!

By Orly Zeewy, Brand Identity Consultant, BABC Member.

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