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Office:

UILC: 3121.00-00

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Release Date: 12/19/2008

From:
Sent: Thu 10/2/2008 11:35 AM
To:
Cc:
Subject: Foreign LLC

Hi

I inadvertently deleted your e-mail. Can you resend it? I am working from home today, and am having some trouble with e-mail. When I read the e-mail, I had the impression that the US parent company would be liable for employment taxes on wages paid to employees of the foreign sub if the foreign sub is a single-member LLC which is disregarded as separate from its owner. Of course, this wouldn't apply after January 1, 2009 because after that date, the disregarded entity would be regarded for employment tax purposes. After January 1, 2009, section 3121(z) may apply to treat the foreign sub as an American employer so that the foreign sub would be liable for employment taxes on wages it pays to US citizens or residents performing services under the contract with the US government. If 3121(z) applies, the US parent would be jointly and severally liable for employment taxes along with its foreign sub.