



Goal

- Achieve a smooth transition for the opening of XJTAG’s first US office
- Manage costs associated with outside accounting and business consulting

Approach

- Hire Dyke Yaxley for UK/US expertise, straight-forward fees and strong reputation

Results

- XJTAG now is able to navigate through the states’ various nexus criteria to understand when the company is subject to income/franchise taxes on a state-by-state basis.
- The company now recognizes the importance of substantiation of expenses.
- XJTAG’s UK expatriate workers in the US contribute to the UK pension fund and simultaneously get tax relief for those contributions in the US.

UK-based XJTAG partners with Dyke Yaxley to achieve a smooth transition as it opens its first US office

XJTAG is a world leading supplier of IEEE Std. 1149.x compliant boundary scan tools, which focuses on innovative product development and high quality technical support. The company works closely with over 50 experienced and professional distributors and technology partners across the globe. Based in Cambridge, XJTAG recently opened its new American headquarters in Boston, Massachusetts, to help support its expansion in the US.

Overview

As a part of the Cambridge Technology Group, XJTAG has a considerable amount of expertise in trading from the UK with local and overseas customers. In 2011 the company opened its first overseas office, in Boston, Massachusetts, to help support its expansion to the US.

Approach

Partner with a specialized US accounting firm that understands the accounting systems in both the UK and US, as well as the needs surrounding a business expansion.

When Cambridge-based technology firm XJTAG opened its US office, CEO, Simon Payne, wanted to make the move to the States as smooth as possible. He realised that the complexities of the US tax and accountancy systems necessitate the need for a specialized US accounting firm to achieve this transition. He also knew that cost would be a factor.

Challenge

Unknown US tax and accounting intricacies present several potential business risks and missed opportunities.

Opening an office in the United States is a significant undertaking. Whereas the intricacies and pitfalls of the UK tax and accounting systems are all too familiar to well-established UK businesses, the US operates quite different tax and accounting processes. These differences can make the transatlantic transition costly and challenging.

“We have been trading from the UK for a long time and understand the tax and accounting systems here, but the US is a whole different ball game,” says Simon. “When we set up XJTAG, Inc, we realised that we needed support from someone who knows how business works in the UK, but also has the ability to help us translate the way the US tax and accountancy systems are run.”

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| Data Bank |  |
| COMPANY | XJTAG |
| NATURE OF BUSINESS | Leading supplier of IEEE Std. 1149.x compliant JTAG boundary scan products |
| MAIN PRODUCT | Hardware and software boundary scan test solutions |
| CUSTOMERS | A wide range of industries including aerospace, defence, automotive, medical, manufacturing, networking, and telecommunications |
| LOCATION | HQ Cambridge, UK USA office Waltham, MA |
| WEB SITE | www.xjtag.com |



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— Simon Payne, CEO, XJTAG

Dyke Yaxley has a strong reputation for excellent customer service, and high quality work offered at a great value. This commitment to customer service extends to Dyke Yaxley's fees. Unlike most accountancy firms, Dyke Yaxley offers an annual fixed fee – so no fee surprises. As Simon explains, this was a crucial factor in choosing to partner with Dyke Yaxley.

“At this stage, we have lots of questions about how the process works in the US,” explains Simon. “With Dyke Yaxley, we have confidence that we can seek advice from Rob when we need it.”

Results

Dyke Yaxley provided XJTAG with the understanding and tools needed to navigate both the UK and US accounting and business realms.

Rob splits his time between the UK and US. XJTAG benefits from his regular visits to its Cambridge premises to liaise with Simon and XJTAG's UK accountants. As a result, the Dyke Yaxley team has been better able to help XJTAG with both the company's and its associates' tax planning and compliance.

“It is rare to find a company that shows such a genuine interest in your business and takes the time to come and visit you at your premises, meet your staff and learn more about your products and services,” says Simon.

“Dyke Yaxley has gone above and beyond what we would have expected, demonstrating a real commitment to customer service, and an understanding of the challenges faced by UK businesses wanting to establish a presence in the US.”

The Dyke Yaxley team advised the company on the concept of state tax “nexus.” As the states become increasingly aggressive in determining when a business transaction is

subject to a state's corporate income taxes, XJTAG now is able to navigate through the states' various criteria to understand when the company is subject to corporate income/franchise taxes on a state-by-state basis.

The company now recognizes the importance of substantiation of expenses. As a result, the company better tracks all employee receipts to manage employee reimbursement and to provide XJTAG with the deductions.

Finally, XJTAG understands now that its UK expatriate workers in the US can still contribute to the UK pension fund and simultaneously get tax relief for those contributions in the US.



At **Dyke Yaxley LLC**, we are uniquely positioned to understand the challenges and rising costs facing companies with international operations, as well as the complexity of planning and preparing taxes for individuals living and working abroad.

With offices on both sides of the Atlantic, we offer a highly experienced team that specializes in international tax planning and compliance. We don't just prepare your taxes. Instead, we start with strategic planning to put you in the

best possible tax position for both the short and long term. Whether you're a UK or US expatriate, dual citizen or owner of a small or medium business, you can rest assured that we are committed to providing you with an exceptional

level of responsive and personal customer service and a “no surprises” approach to fees.

- **US & UK Business Tax Services**
- **UK VAT Tax Planning & Compliance**
- **US & UK Individual Tax Services**