ACC 384.6 International and InterstateTaxation - Fall, 2012

Schedule: Mon-Wed, 2:00-3:15pm (#02965)

Classroom: GSB 2.122

Office: CBA 6.304G or, if the weather is pleasant, in the patio at the

21st St Entrance to GSB.

Office Hours: Mon-Wed, 5:00pm to 6:00pm and by appointment.

Instructor: Stuart R. Singer

Email: <u>stuart.singer@mccombs.utexas.edu</u>.

Purpose of Course:

The purpose of the class is to develop your ability to understand how U.S. tax law analyzes transactions involving more than one national jurisdiction. The core of the course is an understanding of how the United States, and to some extent, other countries, exercise their jurisdictions to tax income from international transactions. The course will also include an examination of the U.S. taxation of foreign-based income (foreign tax credits, Subpart F), the role of income tax treaties, determination of appropriate transfer prices between affiliated companies and the treatment of income from intellectual property.

Course Materials

The course materials will consist of readings in Kuntz & Peroni, U.S. International Taxation, which is available in RIA-Checkpoint. Go to Table of Contents, then International Tax Library, then WG&L International Treatises, then Kuntz & Peroni. There will also be readings in Bittker & Eustice, *Federal Taxation of Corporations and Shareholders*, which is also available in RIA-Checkpoint. Go to Table of Contents, then Federal Library, then Federal Editorial Materials, then WG&L Federal Treatises, then Corporate Taxation, then B&E. The cases and other materials listed in the last column of this syllabus are collected in a packet which should be purchased at the COPY CENTER on the Third Floor in GSB. Finally, there are a few readings from the Hellerstein book, to be found in RIA, under the category "State Taxation" From time to time, there may also be other materials, including cases, regulations and rulings, all distributed to you on Blackboard or by email.

Classroom Deportment

Cell phones must be turned off while you are in class. Beverages are OK, but no food in class.

Class Schedule

There will be no class on Wednesday, October 17 or Wednesday, November 21. There will be a make-up class on Friday, October 5.

Evaluation and Grades

I will determine your final grade on the basis of two factors: written assignments during the course (70%), and your participation in our discussions during class (30%). There will be no exams.

Reading Assignments

The tax issues involved in international transactions are difficult and complex, and even in a summary course such as this one the reading assignments are both detailed and long. Moreover, the knowledge in classes 1, 2 and 3 will form the base for understanding the material in classes 4, 5, and 6, and so on. You cannot fall behind in these assignments

Written Assignments

There will be three written assignments in the form which you, as professionals, would prepare for clients or employers. These may take the form of memoranda or drafting of sections of acquisition agreements. The first two memorandum assignments will be given to you on Monday, October 8 and Monday, November 5, respectively, and you will have 3 days to turn them in. The third assignment will be given on the last day of class and you will have 2 days to turn it in.

Class Participation

Just as I expect you to be able to communicate your analysis and conclusions in writing (in the memoranda discussed above), I also expect every student to participate regularly in our class discussion. There will be no exceptions; you cannot succeed in this course unless you are prepared every day to recite in class. It is far more important for each student to make efforts than to get the "right" answer. As professionals, all of the knowledge in the world will accomplish nothing unless it is coupled with the ability to express it clearly and to discuss it with your peers. I will grade each student each day on participation.

Missed Assignments and Attendance

You will be excused from turning in work timely if you are deceased or if you become a parent during the semester. I am willing to entertain other excuses, but don't get your hopes up. A similar policy applies to taking an "incomplete" for the course.

Non-Tax Issues

In some instances, you will determine that the tax issues under discussion raise certain non-tax issues, such as accounting treatment or simply sound business practice. You should feel free to add these to our discussion in class or in your written work --- bonus points may be available for these.

Scholastic Dishonesty--Departmental Policy on Scholastic Dishonesty. The Department of Accounting has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the department's Policy Statement on Scholastic Dishonesty. By teaching this course, I have agreed to observe all the faculty responsibilities described in

that document. By enrolling in this class, you have agreed to observe all the student responsibilities described in that document. If the application of that Policy Statement to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification.

Memoranda: Each student is expected to complete the memoranda independently during the designated memorandum period. No student may refer to other students' memorandum solutions or discuss the memorandum with other students during the memorandum period.

Professional Conduct. The highest professional standards are expected of all members of the McCombs community. The collective class reputation and the value of the Texas experience hinges on this.

Students with Disabilities: The University of Texas at Austin provides upon request appropriate academic accommodations for qualified students with disabilities. For more information, you may call the Office of the Dean of Students at 471-6259, 471-4641 TTY.

DATE	TOPIC	TEXT READING	CASES, REGS, CODE [May be supplemented and modified]
8-29	Precedent: Statutory, Administrative and Judicial		Excerpt from Saltzman, IRS Practice & Procedure
9-5	Jurisdictional Basis: Source	K&P:¶1A2.03[1] & [2-a&b], 2.03[3a], 2.03[6a], 2.03[7a]	Kimble Glass Boulez Paul Karrer Rohmer
9-10 & 9-12	Jurisdictional Basis: Residence & Nationality	K&P ¶B1.03[1]. B1.02[3]	Cook v. Taut St. Louis Union Trust Co. Matheson, Kronenberg Constantine
9-17 & 9-19	Jurisdictional Basis: Business Activities	K & P¶¶ C1.04[1], [2], [4-a], [5-c]	Evelyn Neill Elizabeth Herbert Jorge Pasquel Piedras Negras Broadcasting, Pinchot Rev Ruls 73-522 & 90-80
9-24	Foreign Corps, Nonresident Aliens and FDAPI	K&P ¶¶C1.03 [1], [2] [c] [i] [ii] [iii], [h] [i], [j] [3] [a], [4], [5], [6], [9] [a]' [13], [15]	Code Sections 871(a), (b), (h)(1)-(3) & 881(a), (b) (c). Fernando Barba, Central de Gas Warwick Housden SDI Netherlands Notice 94-39 Rev Ruls, 74-63, 80-362.
9-26	Nonresident Aliens and Foreign Corps Doing Business in the U.S.	K&P ¶¶ C1.04: [5] [c] [i] & [ii]; [5] [d] [i] & [ii]; [5] [e]; C1.05 [2], [3]	Code §§ 871(d), 872, 882 and 884(a) & (b). Rev Ruls. 70-424, 72-280, 75-253, 81-78 (with 84-17), 86-154. Notice 87-56 Vitale v. Comm.
10-1	Tax Treaties	K&P ¶¶ C4.01 [1] - [3], C4.03, C4.04[1], [2], C4.05[1]-[4] C4.12[1]-[3]	Rev Ruls 55-617, 72-301, 73-278, 79-28, 79-199, 2000-59, 2004-3, 2004-76 Ismat Abeid

10-3 Withholding Rules	40.0	110001 1 11 - 1	1/00 00 00 01	
[4 C I], [6 a], [7], [8 a] 73-419, 83-417, 2004-109	10-3	Withholding Rules	K&P ¶¶ C2.01,	A. C. Monk
10-5				
Foreign Tax Credit: Part 1 Taxes on Income				
Part 1 Taxes on	10.5	Foreign Toy Credity		
Income	10-5			
10-8				
10-8 Foreign Tax Credit: Sal-05[1]-[6] B4.05[1]-[6] B4.0		meome		· · ·
10-8				
10-8 Foreign Tax Credit: Part 2: Who is the Taxpayer? Timing and Realization. Indirect Credit. Part 3: Limitations, Matching issues, Misc. issues K&P ¶ B4.16[1], [2], [10], [15], 8418[a]. Rev Rul 69-468 Regs. \$1.903-1 Excerpt. Amoco Corp., Goodyear				
Part 2: Who is the Taxpayer? Timing and Realization. Indirect Credit.				Dubitzky
Taxpayer? Timing and Realization. Indirect Credit.	10-8	Foreign Tax Credit:	K&P ¶¶ B4.07,	Arundel Corp.
and Realization. Indirect Credit. Part 3: Limitations, Matching issues, Misc. issues K&P ¶ B4.16[1], [2], [10], [15], Badger Rev Ruls 76-215, 78-410 Section 904(a), (b), (c) and (d)(1)				
Indirect Credit:			[2][a] & [b]	
10-10				Amoco Corp., Goodyear
Part 3: Limitations, Matching issues, Misc. issues [2], [10], [15], & 818][a]. Rev Ruls 76-215, 78-410 Section 904(a), (b), (c) and (d)(1)	40.40		1/0 D 66 D 4 40[4]	Occasi Para
Matching issues, Misc. issues Rev Ruls 76-215, 78-410	10-10			
Misc. issues Rev Ruls 2003-8 Rev Ruls 76-215, 78-410 Section 904(a), (b), (c) and (d)(1)		*		
Rev Ruls 76-215, 78-410 Section 904(a), (b), (c) and (d)(1)			αιοjįaj.	
Section 904(a), (b), (c) and (d)(1)		141130. 133003		
10-15				
Apportionment of Expenses by Source -[3], -[4], -[5] [a], [c] & [a][ii], - [7], -[8], -[9]. 10-22				
Expenses by Source C & [d][i], - [7], -[8], -[9]. 10-22 Section 911: The Ultimate Tax shelter Ultimat	10-15	Allocation and	K&P ¶¶ A2.05[1],	Rev. Rul. 80-288
10-22 Section 911: The Ultimate Tax shelter Uook v. US Ultimate Tax shelter Uook v. US Ultimate Tax shelter Ultimate Ta		Apportionment of	-[3], -[4], -[5] [a],	Perkin-Elmer Corp.
10-22 Section 911: The Ultimate Tax shelter [2][b][i], [ii], [ii], [v], [v]; [c] [i], [ii], [vogt v. US. Cook v. US 10-24		Expenses by Source	[c] & [d][i], -	
Ultimate Tax shelter		_		
10-24	10-22			
Introduction to		Ultimate Tax shelter		
10-24				
Indirect Exporting: Definition of Entity, Choice of Entity, Capitalization, US Production Income.	10.24	Introduction to		
Definition of Entity, Choice of Entity, Choice of Entity, Capitalization, US Production Income.	10-24			
Choice of Entity, Capitalization, US Production Income.			[1]-[4], 2.02	· ·
Capitalization, US				
Production Income. Lloyd Noonan				
10-29 Recognition and Blockage Issues Rev Ruls 55-62, 74-222, 74-351, 81-290 Anderson Clayton, Sanford Berman Phanor Eder, Warner Bros. 10-31 SubPart F: General K&P ¶¶		•		
Anderson Clayton, Sanford Berman Phanor Eder, Warner Bros.	10-29	Recognition and		
Phanor Eder, Warner Bros. 10-31 SubPart F: General K&P ¶¶ B3.02[a]&[b], B3.03[1] Koehring				
10-31				
B3.02[a]&[b], B3.03[1] CCA Koehring				,
B3.03[1] Koehring	10-31	SubPart F: General		
11-5 SubPart F: Foreign Base Company Income [2][a], [b][i], [c][i], [c][i], [d], [e], [g], [k]- \$\$ \$\$ \$\$ \$\$ \$\$ \$\$ \$\$ \$\$ \$\$ \$\$ \$\$ \$\$ \$\$				
Base Company [2][a], [b][i], [c][i], Dave Fishbein			B3.03[1]	Koenring
Base Company [2][a], [b][i], [c][i], Dave Fishbein	11-5	SubPart F: Foreign	K&P ¶R3 05[1]	Ashland Oil
Income [d], [e], [g], [k]- ¶B3.05[3][a]&[d] 11-7& [4]; ¶B3.05[8] 11-7 Subpart F: Investments in US Property. B3.06[3][e]&[g], Sherwood Properties	11-5	_		
¶B3.05[3][a]&[d] 11-7&				Dave Figure III
11-7& [4];¶B3.05[8] 11-7 Subpart F: K&P ¶¶ B.3.06[1], Rev. Rul. 76-125, Ludwig v. Comm Investments in US Property. B3.06[3][e]&[g], Sherwood Properties				
[4];¶B3.05[8] 11-7 Subpart F: K&P ¶¶ B.3.06[1], Rev. Rul. 76-125, Ludwig v. Comm Investments in US [2] [a]-[d], AOD 1978-139, PLR 8042001 Property. B3.06[3][e]&[g], Sherwood Properties				
11-7 Subpart F: K&P ¶¶ B.3.06[1], Rev. Rul. 76-125, Ludwig v. Comm Investments in US Property. B3.06[3][e]&[g], Sherwood Properties				
Investments in US [2] [a]-[d], AOD 1978-139, PLR 8042001 Property. B3.06[3][e]&[g], Sherwood Properties	11-7	Subpart F:		
		Investments in US	[2] [a]-[d],	
B3.08[1] FSA 200216022		Property.	B3.06[3][e]&[g],	
				FSA 200216022

11-12	§482: Part One:	K&P ¶¶ A3.03 [1]-	Asiatic Petroleum	
	General Rules;	[6], A3.04 [1], [3],	Local Finance	
	Interest	[4], [5], [6]	First Security Bank of Utah	
			Rev Rul 74-566	
			GCM 38545	
11-14	§482: Part Two:	K&P ¶¶ A3.05[1]-	Diefenthal	
	Services, Tangible	[4],	Rev Rul 78-83	
	Property	A3.08 [2][a], [b],	Lufkin Foundry	
		[d], [e], [f], [3],	U.S. Steel	
		[4], [5], [6]		
11-19	§482: Part Three:	K&P ¶¶ A3.07	Ciba-Geigy	
	Intangibles,	[2][d], [e] [f], [g]	Proctor and Gamble	
	Advance Pricing	& [h]		
	Arrangements	A3.07 [5][b], [c],		
		[d], [e]		
		A3.09, A3.10		
11-26	<u>International</u>	B&E ¶¶ 15.81 &	Code §367	
	Reorganizations-	15.82	Rev Ruls 67-192, 69-156	
	Intro and 367(a) and		Dupont	
	(d) Transactions			
11-28	<u>International</u>	B&E ¶¶15.63 &	Code § 1248(a) and (b)	
	Reorgs- 367(b) and	15.83	Rev Ruls 72-421, 74-60, 81-32, 87-47	
	(e) Transactions			
12-3 &	State Tax:	Hellerstein Part	Complete Auto Transit	
12-5	Jurisdiction and	IV, Chap. 6, ¶¶	Quill Corporation	
	Coverage	6.01, 6.02, 6.03,	Geoffrey, Inc.	
		6.05, 6,06, 610,	Cerro Copper Products	
		6.15	America Online	