INTRODUCTION

A. Basic Questions: Designing a System for Taxing International Transactions
   • Casebook, pp. 1-5, 9-31
   • Consider Industria Problem ¶1030

B. Review of Basic Propositions and Policies of U.S. Income Tax Law
   • Casebook, pp. 5-9 (¶ 1020)

I. WHO IS TAXED ON WORLDWIDE INCOME?

A. Separating Non-U.S. from U.S. Taxpayers
   • Casebook, pp. 36-47
   • Problems ¶1190, # 1, 2, 4, 5

B. The Consequences of Expatriation
   1. Individuals
      • Casebook, pp. 49-56
      • Problem ¶1200
      a. Pre-2004 Law:
         • Kronenberg v. Commissioner, 64 T.C. 428 (1975).
         • 104 P.L. 191 (previous version of Section 877)
      b. 2004-2008:
         • Current Section 877
      c. Post-2008:
         • Section 877A
         • Alice Abreu, Taxing Exits, 29 U.C. Davis L. Rev. 1087(1996), through
           Section I.C.1
   2. Corporations
      • Section 7874
      • Treas. Reg. Section 1.7874-3T

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1 When reading the casebook assignment, you are also responsible for reading the sections of the Internal Revenue Code and Treasury Regulations that are referenced.
II. SOURCE RULES FOR INCOME AND DEDUCTIONS

A. History
   • *Piedras Negras*, 43 B.T.A. 297 (1941)

B. Interest, Dividends and Rents & Royalties
   • Casebook, pp. 76 - 81
   • Problems ¶ 2215, # 1, 2, 4 and 5.
   • Interest & Royalty Problems #1-2 (supplement)

C. Compensation For Personal Services
   • Casebook, pp. 81-99 (through ¶2100)
   • Problem ¶ 2215 #3
   • *Retief Goosen v. Commissioner*, 136 T.C. 547 (2011)²

D. Sale of Real and Personal Property
   • Casebook, pp. 99 - 116
   • Problems ¶ 2215, #6, 12

E. Special Rules & Non-statutory Solutions
   • Casebook, pp. 116-128, 139-140

F. Review:
   • Problems ¶ 2215 #7, 9, 10, 13, 14.

III. FOREIGN PERSONS: U.S. TRADE OR BUSINESS INCOME

A. Introduction
   • Casebook, 141-142

B. What is a U.S. Trade or Business?
   • Casebook, pp. 142-166

C. Determining Amount to Be Taxed In A U.S. Trade or Business
   • Casebook, pp. 166-173, 260-261
   • Problems ¶3155, #1 and #2.
   • Casebook pp. 176-179
   • Problem ¶3145

D. Effect of Tax Treaty Provisions on Inbound Transactions
   • Casebook, 181-196, 211-220
   • Referenced sections of U.S. Model Treaty in Appendix A

² Most of our cases are excerpted or short. This case not only presents a current case involving relevant sourcing issues but provides an opportunity to read a thoroughly-written Tax Court opinion.
- Problem ¶3225, #1-6

E. Branch Profits Tax
- *Bookmark – We will cover the branch profits tax after discussing additional material needed to fully grasp its mechanics. However, it applies to inbound transactions that fall under regime #1 (U.S. trade or business income).*

F. Exceptions Based Upon Foreign Policy Concerns
- Casebook, pp. 226-227
- Problem ¶3245, #1-2

IV: FOREIGN PERSONS: NON-BUSINESS U.S.-SOURCE INCOME

A. Introduction
- Casebook, pp. 228-230

B. What is FDAP Income?
- Casebook, pp. 230-242

C. How to Collect FDAP Income – The Withholding Mechanism
- Casebook, pp. 262-276

D. Review Problems
- Problem ¶1230
- Problems ¶4280, # 1-7, 11

E. Effect of Treaties on Withholding and the Treaty Shopping Problem
- Casebook, pp. 242-257
- Article 22 Model Treaty
- ¶4105 #1-9

F. The Branch Profits Tax
- *Cross reference to III.E.*
- Casebook, pp. 222-225
- Problems ¶3235, #1,2

G. Treatments of Gains from U.S. Real Property.
- Casebook, pp. 277-287
- Problems ¶4280, #12-17