COURSE DESCRIPTION

An introduction to practicing taxes internationally with a principal geographical focus on the Asia-Pacific region. The practice of international taxation requires a combination of both knowledge and mental processes. Knowledge includes international tax principles and mechanisms and how various countries implement them. Mental processes include the approaches and skills required to analyze a cross-border business or investment, identify the relevant issues, arrive at alternative approaches that resolve the issues, and help the decision-maker reach conclusions. In particular, the course participants will be learning and using the processes of researching and dealing with practical international tax problems and opportunities.

CONTENT

What is International Tax Planning?

Why is International Taxation important?

How important is International Taxation in relation to the conduct of business activities?

How is International Tax Planning accomplished?

Methodology for approaching cross-border tax planning

Concepts, structures and techniques

A. Understand the background: The business and the environment
   - The business
   - The environment

B. Legal tax planning vs. unacceptable tax evasion; Assessment of risk

C. Jurisdiction
D. Sanctity of the separate legal entity

E. Consolidated financial statements vs. separate entity taxation

F. Universality of laws and legal concepts

G. Break up the whole into parts
   - Engineering and construction project
   - Manufacture and sale of products

H. Classes of income and source
   - Why relevant
   - Source conflicts
   - Categories of income
   - Typical categories of income and bases for identifying source

I. Timing of recognition of income and deductions
   - Why timing is important
   - Cash vs. accrual methods of accounting
   - Accrual income recognition
   - Accrual expense recognition

J. Forms of organization
   - Types of organizations
   - Comparison of corporation and partnership
   - Limited partnerships
   - Limited liability companies
   - Variable interest entities
   - Joint ventures
   - Characterization of foreign entities

K. Residency and basis of taxation
   - Introductory comments
   - Determining residency
   - Importance of residency
   - Basis of taxation
   - Rate of taxation
   - Applicability of tax treaties
   - Ability to control residency
L. Elimination of double-taxation

   Introductory comments
   Foreign income exclusion
   Foreign tax credit
      In general
      Limitation on foreign tax credit
      Foreign tax credit carrybacks and carryforwards
      Timing of recognition of foreign taxes
      The indirect foreign tax credit
      Contrast of direct foreign tax credit and indirect foreign tax credit

   More complex example

M. Form of doing business in a country

   Forms of doing business—definitions and background
   Differences between branch and subsidiary taxation
   Determining which form of doing business to use
      Sample questions regarding X
      Activities of X in country B

N. Incentives

O. Tax effective locations

   Approach to analysis
   Home country
   Source or host country
   Intermediate country
      Introductory comments
      Taxation objectives of IC entities
      Planning to minimize taxation within the intermediate country
      Non-tax objectives of IC entities
      What is a legitimate IC entity use? How do tax authorities attack such use?

P. Tax treaties

   Introductory comments
   Tax treaties – benefits and characteristics
   Matters tax treaties do not cover
   Application of domestic law and treaty provisions
   Research and interpretation of tax treaty issues
   Persons allowed the benefits of tax treaties
Q. General anti-avoidance and form vs. substance concepts
   Introductory comments
   Anti-avoidance mechanisms
   Framework for analysis
   Tax authority reactions
   Examples of typical form vs. substance issues

R. Rulings

S. Transfer pricing
   Introductory comments
   Why is transfer pricing important?
   OECD Guidelines, the UN, and the arm’s length standard
   Transfer pricing methods
      Traditional transaction methods
      Transactional profit methods
   Cost sharing arrangements
   Business restructurings
   Intangibles
   Concluding comments – what to keep one’s eyes open for

T. Cross-border transfers of personnel
   Introductory comments
   Potentially high tax cost on transferred personnel
   Tax protection/equalization arrangements
   Incentive compensation
   Secondment

U. Inflationary environment

V. Exchange and translation gains and losses, exchange controls, investment approvals, and blocked currencies
   Exchange gains and losses
   Translation gains and losses
   Exchange controls
   Investment approvals
   Blocked currency

W. Laws and Rules

X. Factors affecting business decisions