

# Tax Management

## Course Brief Description

Number of credits: 3 ECTS

Course period: 1 semester / 1 class per week

Language of Instruction: English

Instructor: Vedmed Irina Ju., PhD, Amin Soknaha, PhD.

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Course description:

This course examines the system of state and corporate management of tax flows using scientifically sound market forms and methods for solving problems in the field of managing tax revenues and tax expenses at the macro and micro levels in order to ensure the efficiency of tax flows and increase the efficiency of taxation methods, tax planning, regulation and control.

Course provide with an introduction to the international tax planning debate, answering questions such as: what is the international tax planning debate about? Who are the key players? What do companies actually do when they engage in international tax planning? Course will break down real tax structures of real multinationals and create a tax planning base case out of the elements. The debate in international tax law has largely focused on the tax-paying morale of multinationals.

During this course will study why and how countries levy tax from corporations. Creating an understanding of international tax planning structures based on the newly acquired knowledge about corporate taxes. Focus on corporate income tax, which is also, depending on the country involved, referred to as company income tax or corporation tax. Course focus on the design elements that corporate tax systems around the world generally share.

Course study the international aspects of corporate tax law systems and will also focus on the mechanisms of international tax law. What international tax principles do countries apply when allocating corporate taxing rights? What happens if these principles collide? What is the role of tax treaties in this respect?

Course also focus on a measure, which countries have adopted into their domestic corporate income tax systems. The measure specifically targets the transfer of mobile activities, for example financing and licensing, to low-tax countries.

Transfer pricing is a technique which is used to allocate the profits made by a group of companies to the individual group members. Subsequently, the country in which the designated group member is resident may tax the profits of that company.

Course speaks also about the ethical aspects of tax planning.

The objective of this course is for students to obtain the necessary theoretical and empirical tools so that they are able to have professional careers in the field of international finance.

Prerequisites: Macroeconomics, World Economy and International Economic Relations, Finance.

Postrequisites: International Marketing, International Finance Management, International Operations of a Company.

References:

Required literature:

- M. P. Devereux and J. Vella, Are We Heading Towards a Corporate Tax System Fit for the 21st Century, Fiscal Studies, Forthcoming; Oxford Legal Studies Research Paper No. 88/2014.
- OECD, Action Plan on Base Erosion and Profit Shifting.
- J. Mirrlees, Tax by Design, Oxford University Press, 2011.
- R. Vann, Tax Law Design and Drafting, ed. V. Thuronyi, volume 2, Chapter 18 - International Aspects of Income Tax, pp. 1-30 & 74-76.
- N. Barnhouse, A. Booth and K. Wester, 'Transfer Pricing', online publication, 2012.

Additional Literature:

- N. Barnhouse, A. Booth and K. Wester, Transfer Pricing, online publication, 2012.
- H.J. Ault, Some Reflections on the OECD and the Sources of International Tax Principles, reprinted from Tax Notes International, June 17, 2013, Working Paper of the Max Planck Institute for Tax Law and Public Finance.
- R.S. Avi-Yonah and O. Halabi, 'US Subpart F Legislative Proposals: A Comparative Perspective' (2012). Law & Economics Working Papers. Paper 69.
- T. Bender and D.M. Broekhuijsen, 'Great Debates: The Relationship between CSR and Tax Avoidance', in: Corporate Social Responsibility for Future International Business Lawyers (Eleven International Publishing, forthcoming 2015).
- S.J.C. Hemels, 'Fairness and Taxation in a Globalised World', Erasmus University Rotterdam, February 26, 2015.
- G. Jenkins, "Tax Shelter Finance: How Efficient Is It?" Canadian Tax Journal, Vol. 38, No. 2, (pp. 270-285).

**Other Resources (Journals):**

- ✓ Harvard Business Review
- ✓ Journal of Business Development
- ✓ Journal of Business Studies
- ✓ PBK (Russian Business Consulting)

Specific article and reading materials are suggested during the course

Unit Aims are not limited but call to

1. Provide a framework of knowledge, theory and understanding relative to international tax management and to examine appropriate strategies for successful operation in the 21<sup>st</sup> century.
2. Embrace the thinking of global corporations and minor league international firms as they implement policies to planning tax management.

Upon successful completion of this course, the students are to acquire the following learning outcomes:

ILO code	Learning outcomes
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ILO-01	Ability to apply fundamentals of economic, philosophical, legal knowledge in the scope of various professional activities in order to form a worldview and public stance
ILO-06	Ability to model organizational and management decisions for the successful development of international business and achieve economic benefits
ILO-09	Ability to evaluate and predict the effects on the macro, meso and micro levels of international business for the development of international economic relations
ILO-10	Ability to model innovative solutions for the responsible management of production, financial and economic resources, building effective communications in various socio-economic environments for the successful conclusion of international transactions

### 1) Knowledge and Understanding

- *Employ* theoretical and conceptual knowledge to *identify* and *analyze* international taxation and business problems in global contexts, *select* the most appropriate form of international tax planning needed for the suggested type of activity and cooperation.
- *Identify and place into practice* information-based decision making approaches to tax management with regards to ethical grounding and responsible leadership.

### 2) Intellectual Analytical Skills

- *gather, analyse, and evaluate* business data and information and *transform* empirical data into useful and actionable information using a set of strategic and descriptive tools,
- *interpret and analyse* complex business issues from multiple perspectives and critically *review* academic literature and other relevant information sources,
- *design* an international company operating in the conditions of the diverse legal, socio-cultural and economic environment

### 3) Practical Skills (Competency)

- *apply* proven theoretical and conceptual knowledge of global business challenges in multicultural contexts, including political diversification and economic life-cycles.
- *operate* effectively within a multicultural team environment *demonstrating* teambuilding and intercultural communication skills.

### 4) Transferable Soft Skills (Communication)

- *communicate* effectively in English in oral, written and electronic formats *using* communication and information technology for business applications, and is able *prepare* and *present* reports.
- *exercise* initiative and *take* personal responsibility for one's own work in terms of timeliness, professional behaviour, personal motivation and planning skills.

### Teaching methods

<u>Traditional</u>			<u>Flipped classroom</u>	
PowerPoint Lecture	Tests/ Multiple Choice	Calculus	Debates	Project presentations
*	*	*	*	*

<u>Blended-learning</u>				
Videos, Online Forums Integration	Chain-based seminars with collaborative approach	Joint peer-review	Simulation	Games and Design Thinking
*	*	*	*	*
<u>Inquiry-based learning</u>				
Online chat	Work with research papers	Problem-solving corporate / research requests	Essay / conference preparation	Case-study
*	*	*	*	*

The course materials and tests will be distributed via elearn.urfu.ru Moodle link:

<https://elearn.urfu.ru/course/view.php?id=4505>

### ***Course Outline***

Themes	Corresponding Seminars	Required literature
Theme 1: International tax planning	International tax planning	<ul style="list-style-type: none"> <li>- M.S. Corwin, 'Sense and Sensibility: The Policy and Politics of BEPS', Tax Notes, October 6, 2014, pp. 133-140.</li> <li>- H.J. Ault, Some Reflections on the OECD and the Sources of International Tax Principles, reprinted from Tax Notes International, June 17, 2013, Working Paper of the Max Planck Institute for Tax Law and Public Finance No. 2013-03, pp. 1195-1201.</li> <li>- OECD, Action Plan on Base Erosion and Profit Shifting, OECD Publishing, 2013.</li> <li>- M. P. Devereux and J. Vella, Are We Heading Towards a Corporate Tax System Fit for the 21st Century, Fiscal Studies, Forthcoming; Oxford Legal Studies Research Paper No. 88/2014.</li> </ul>

Theme 2: Design of corporate tax law systems	Design of corporate tax law systems	<ul style="list-style-type: none"> <li>- J. Mirrlees a.o., <i>Tax by Design</i>, Oxford University Press, 2011, Chapter 17 - Taxing Corporate Income, pp. 406-428.</li> <li>- OECD (2015), <i>Limiting Base Erosion Involving Interest Deductions and Other Financial Payments</i>, Action 4 - 2015 Final Report, OECD Publishing, Paris.</li> </ul>
Theme 3: Principles of international taxation & tax treaties	Principles of international taxation & tax treaties	<ul style="list-style-type: none"> <li>- Prebble, John, 'Controlled Foreign Company Regimes and Double Taxation', <i>Asia Pacific Tax Bulletin</i>, Vol. 12, pp. 3-5, 2006.</li> <li>- R.S. Avi-Yonah and O. Halabi, 'US Subpart F Legislative Proposals: A Comparative Perspective' (2012). <i>Law &amp; Economics Working Papers</i>. Paper 69.</li> <li>- OECD (2015), <i>Designing Effective Controlled Foreign Company Rules</i>, Action 3 - 2015 Final Report, OECD Publishing, Paris.</li> <li>- R. Vann, In: <i>Tax Law Design and Drafting</i>, ed. V. Thuronyi, volume 2, Chapter 18 - International Aspects of Income Tax, pp. 1-30 &amp; 74-76.</li> </ul>
Theme 4: Transfer pricing	Transfer pricing	<ul style="list-style-type: none"> <li>- N. Barnhouse, A. Booth and K. Wester, 'Transfer Pricing', online publication, 2012.</li> <li>- OECD/CTPA, <i>Transfer Pricing Methods</i>, 2010.</li> <li>- OECD, <i>Guidance on Transfer Pricing Aspects of Intangibles</i>, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, 2014.</li> <li>- OECD (2015), <i>Aligning Transfer Pricing Outcomes with Value Creation</i>, Actions 8-10 - 2015 Final Reports, OECD Publishing, Paris.</li> </ul>

Theme 5: Tax management & ethical dimensions	Tax management & ethical dimensions	<ul style="list-style-type: none"> <li>- T. Bender and D.M. Broekhuijsen, 'Great Debates: The Relationship between CSR and Tax Avoidance', in: <i>Corporate Social Responsibility for Future International Business Lawyers</i> (Eleven International Publishing, forthcoming 2015).</li> <li>- S.J.C. Hemels, 'Fairness and Taxation in a Globalised World', Erasmus University Rotterdam, February 26, 2015.</li> </ul>
Theme 6: Direct and indirect taxes	Direct and indirect taxes	<ul style="list-style-type: none"> <li>- - Stephen Lewis, Jr., <i>Taxation for Development: Principles and Applications</i>, Oxford University Press, 1984, Chapters. 12, 13</li> <li>- - Howell H. Zee, "Tax Cascading: Concept and Management in Shome, The Tax Policy Handbook, 1995, (pp. 75-85).</li> </ul>
Theme 7: Managing tax risk	Managing tax risk	Harberger, "Tax Neutrality in Investment Incentives," in Aaron, H., and Boskin, M., eds., <i>The Economics of Taxation</i> , The Brookings Institution, Studies of Government Finance, 1990.
Theme 8: Tax incentives	Tax incentives	<ul style="list-style-type: none"> <li>- - Harberger, "Handout for Session on 'Tax Incentives in a Capital Theory Context,'" Latin American Meetings of the Econometrics Society, Costa Rica, August, 1988.</li> <li>- - G. Jenkins, "Tax Shelter Finance: How Efficient Is It?" <i>Canadian Tax Journal</i>, Vol. 38, No. 2, (pp. 270-285).</li> </ul>

## ASSESSMENT METHODS AND CRITERIA

### Assessment methods

Formative Semester Assessment (50-70%)			
K	C	A	ASE
10%	10%	15%	15%
Summative Final assessment form (30-50%)			
exam	50%	pass/fail	

K (Knowledge): Multiple Choice, quizzes, calculus

C (Comprehension): simulations, feedback

A (Application): Multiple Choice, essay, simulations, case studies

ASE (Analysis, Synthesis, Evaluation): essay, project, presentation, paper, case studies

### PRESENTATIONS (PR and AS)

The following criteria will be considered to assign grades for the group presentations of projects.

PowerPoint Effectiveness Presentation Organisation, Quality of Graphics Correct Format for Tables and Figures	10-exceptional 8- good 6-weak 4-bordeline
Content: Development of Context, Depth of Analysis, Accuracy, Depth of "Take Away" Insights Effective Use of Materials	10-exceptional 8- good 6-weak 4-bordeline
Delivery of Presentation (speed, clarity of articulation, eye contact) Strength of Transitions Between Speakers Ability to Answer Questions	10-exceptional 8- good 6-weak 4-bordeline

### EXAM

The examination will be for a duration of 1 ½ hours. The examinations will include 20 questions associated with material covered in the text and the seminars and will be provided in a multiple choice test form and essay. (16 is the excellent pass, 12-is good pass, 10 is satisfactory, below 10 –failed)

This course adopts a 100-point system for final marking. The five elements (AT, AS, WE and PR) in the aforementioned integrated marking scheme are given points.

<b>Lectures (weight)</b>	<b>0.5</b>
AT-Active attendance	15
AS–Assignment (CrossCultural)	35
PR– Value Chain Presentation	50
<b>Seminars (weight)</b>	<b>0.5</b>
MT- Midterm Test	50
CA– Cases	50

WE– Written Exam	100
<b>Total</b>	<b>100</b>

*Final mark* = ((AT + AS + PR)\*0.5+ (MT+WE)\*0.5 )\*0.5+ WE\*0.5 (calculated using weights and maximum showed result)

**Grading:**

ECTS Grade	Points	Russian grade
A	100-91 points	“excellent”: 100-80 points
B	90-81	
C	80-71	“good”: 80 - 60 points
D	70-61	“satisfactory”: 60 - 40 points
F: failed	less than 60 points: failed	“unsatisfactorily”: failed, less than 40 points