INTERNATIONAL TAXTION  
Subject Code: 353863-001  
AUTUMN 2007

A. Instructor:  
Dr. Richard Watanabe (Wei-Tai Wu)  
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Partner, PricewaterhouseCoopers Taiwan  
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Personal Assistant: Ms. Hsia-Wei Lin (PwC: Ph: (02) 2729-6666 ext 22092)  
Teaching Assistant: Ms. Aganes Lin (NCCU: Ph (02) 2939-3091 ext 87043)  
Class Hours: Tuesday 6:00 pm to 9:00 pm  
Credit: 3  
Class Room: To be confirmed

B. Books and References

Primary Textbooks

The above publication is available at the library.

Secondary References
- The Agreement between The Taipei Representative Office in the Netherlands and the Netherlands Trade and Investment Office in Taipei for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with the Respect to Taxes on Income (“Taiwan-Netherlands Tax Treaty”)  
- The Agreement between the Taipei Economic and Cultural Office in Hanoi and the Vietnam Economic and Cultural office in Taipei for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with the Respect to Taxes on Income (“Taiwan-Vietnam Double Tax Agreement”)  
- Income Tax Act
Students should be able to obtain a copy of each material from the official website of the Ministry of Finance at [www.mof.gov.tw](http://www.mof.gov.tw).

### C. Course Objectives

This course is designed to explore in detail the fundamental principles of international taxation and its relationship and impact to cross-border transactions and investments. The course will examine key issues of international taxation system, rules, and current practical problems facing to multinational companies, from both practical and theoretical perspective. The Instructor will also introduce tax regimes of Taiwan’s major trading partners/investment destinations such as the United States, the European Union, Mainland China, and other countries in the region. Upon successful completion of this course, student should have sound understanding of international taxation and its practice, as well as basic knowledge of the interpretation of international and domestic taxation rules regarding cross-border transactions.

### D. Grading Policy

- Individual Research Assignment  
  
  Class Participation  
  
  Total

<table>
<thead>
<tr>
<th></th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Individual Research Assignment</td>
<td>80%</td>
</tr>
<tr>
<td>Class Participation</td>
<td>20%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
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- Each student may decide his/her own research topic for Individual Research Assignment.
- The Individual Research Assignment must be prepared in Chinese.
- References, footnotes and/or bibliographies must be made where necessary to acknowledge intellectual properties of others. Violation of this rule will attract severe penalties towards the final grade.
- Attendance of each lecturer, and participation & contribution to the class discussions are expected.

### E. Important notes and policies

- Individual Research Assignment must be submitted on January 31, 2008. Prior approval is required for those who wish to take alternative arrangements for the assignments.
- All students are expected to read the assigned materials before the class meets.
- All telecommunication devices must be turned off in all classes.
The assignments and class schedule may be modified at the Instructor's discretion.

All students are assumed having understanding of Taiwan’s Income Tax Act.

Participation in the class discussion is expected.

**F. Class Schedule**

<table>
<thead>
<tr>
<th>WK</th>
<th>Date</th>
<th>Topic</th>
<th>Outlines/ Recommended Readings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td>No Class</td>
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<tr>
<td>2</td>
<td>Sept 25, 2007</td>
<td>No Class</td>
<td>No class (public holiday)</td>
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</table>
| 3  | October 2, 2007 | Introduction & Overview of International Taxation, and Cross-border Transactions. | Outlines:  
  * General introduction to the course  
  * An overview of international tax  
  * Emergence, background and future development of rules of international tax  
  * Nature of cross-border investments, trading and transactions  

  **Recommended Readings:**  
  * Easson: Chapter 1 (pp 1-23); Chapter 2 (pp 25-30); Chapter 5 (pp 141-156)  
  * Rohatgi: Chapter 1 (pp 1-9); Chapter 2 (pp 11-20) |
| 4  | October 9, 2007 | Tax Jurisdictions, Administration, and Taxing Rights                  | Outlines:  
  * Impact to domestic laws  
  * Rules to determine residence  
  * Rules to determine source of income  
  * Concept of “permanent establishment”  
  * Treatment of foreign source income  
  * Type of income and gains  
  * Type of entities  

  **Recommended Readings:**  
  * Easson: Chapter 2 (pp 40-44)  
  * Rohatgi: Chapter 4 (pp 131-159); Chapter 8 (pp 530-535) |
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<tr>
<th></th>
<th>Date</th>
<th>Topic</th>
<th>Outlines:</th>
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</thead>
</table>
|5  | October 16, 2007 | Elimination of Double Taxation | - Reasons of double taxation  
- Deduction method  
- Exemption method  
- Credit method  
- Direct vs. indirect credit method  
- Deemed credits and tax sparing provision  
- Taiwan’s foreign tax credit regulations |
|   |            |                                              | **Recommended Readings:**  
- Easson: Chapter 2 (pp 30-33)  
- Rohatgi: Chapter 4 (pp 207-223), Chapter 3 (115-118)  
- Taiwan-Vietnam Double Tax Agreement  
- Taiwan-Netherlands Double Tax Agreement |
|6  | October 23, 2007 | International Tax Treaty (Part I) | - Type of international treaties, agreement and conventions  
- Principles of international income tax treaties/agreements  
- OECD, UN & US models of treaty  
- Contents of international tax treaties  
- Key articles of OECD model treaties  
- Taiwan’s treaty network |
|   |            |                                              | **Recommended Readings:**  
- Rohatgi: Chapter 2 (pp 21-53); Chapter 3 (pp 55-129)  
- OECD Model Treaty (see Rohatgi pp 631–644)  
- Taiwan-Netherlands Double Tax Agreement |
<p>|7  | October 30, 2007 | International Tax Treaty (Part II) | See Week 6 |</p>
<table>
<thead>
<tr>
<th>Date</th>
<th>Outline</th>
<th>Outlines:</th>
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</thead>
</table>
| November 6, 2007 | Offshore Financial Centers, and Tax Heavens | - Introduction to offshore financial centers and tax heavens  
- Use of tax heavens in international tax planning  
- Current issues and recent developments  
- Anti-treaty shopping  |

**Recommended Readings:**  
- Easson: Chapter 3 (pp 109-113); Chapter 4 (pp 135-138); Chapter 5 (pp 171-173)  
- Rohatgi: Chapter 5 (pp 225-339);  
- Rohatgi: Chapter 6 (pp 362-374)

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<tr>
<th>Date</th>
<th>Outline</th>
<th>Outlines:</th>
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</table>
| November 13, 2007 | Anti-Avoidance Measures          | - What is tax avoidance  
- Controlled foreign corporation  
- Thin capitalization  
- Other measures  
Guest Speaker: Tax Saving, Tax Evasion and Tax Avoidance – from Legal Perspective |

**Recommended Readings:**  
- Easson: Chapter 5 (pp 156-173)  
- Rohatgi: Chapter 6 (pp 341-362; 374-410; pp 428-437)
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<th>Date</th>
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<th>Outlines</th>
<th>Recommended Readings</th>
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</table>
| 10 | November 20, 2006 | Transfer Pricing Regulations | - History and policy of international transfer pricing rules;  
- The US/OECD transfer pricing legislation on transfer pricing;  
- Transfer pricing methodologies;  
- Developing transfer pricing policy and documentation requirements;  
- Advance pricing arrangements (APA);  
- Taiwan’s Transfer Pricing Regulations | - Easson: Chapter 4 (pp 129-134); Chapter 5 (pp 157-159)  
- Rohatgi: Chapter 6 (pp 412-427)  
- Taiwan’s Transfer Pricing Regulations |
| 11 | November 27, 2007 | Basic Principles of International Tax Planning | - What is international tax planning  
- Tax planning techniques  
- Investment/holding structure  
- Avoidance of economic double taxation of dividends  
- Financing structure  
- Exit strategies | - Easson: Chapter 3 (pp 83-113); Chapter 4 (pp 115-124)  
- Rohatgi: Chapter 7 (pp 439-507) |
<p>| 12 | December 4, 2007 | No Class                           |                                                                           |                                           |</p>
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<tr>
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<th>Date</th>
<th>Topic</th>
<th>Outlines:</th>
<th>Recommended Readings:</th>
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<tbody>
<tr>
<td>13</td>
<td>December 11, 2007</td>
<td>Introduction to US Tax Laws</td>
<td>- Introduction to US tax regime&lt;br&gt;- Introduction to US tax laws&lt;br&gt;- US international taxation regime&lt;br&gt;- Common US tax issues facing to Taiwanese business people operating in the US</td>
<td>To be provided</td>
</tr>
<tr>
<td>14</td>
<td>December 18, 2007</td>
<td>Introduction to Tax Laws in Mainland China</td>
<td>- Introduction to tax laws of PRC&lt;br&gt;- International tax regime of PRC&lt;br&gt;- Common tax issues facing to Taiwanese business operating in PRC</td>
<td>To be provided</td>
</tr>
<tr>
<td>15</td>
<td>December 25, 2007</td>
<td>Introduction to Tax Systems in Europe/European Union (EU)</td>
<td>- Basic concept of taxation systems in major EU countries&lt;br&gt;- Basic concept of VAT system in EU</td>
<td>To be provided</td>
</tr>
<tr>
<td>16</td>
<td>January 1, 2008</td>
<td>No Class</td>
<td></td>
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<tr>
<td>17</td>
<td>January 8, 2008</td>
<td>Industry Perspective</td>
<td>- Presentation by a guest speaker from the industry regarding international taxation (to be arranged)</td>
<td>No recommended Readings this week</td>
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<tr>
<td>18</td>
<td>January 15, 2008</td>
<td>Regulator’s Perspective</td>
<td>- Presentation by a senior officer from the Department of Taxation, Ministry of Finance (to be arranged)</td>
<td>No recommended readings this week</td>
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