

International Tax

Professor William P. Streng

**University of Houston
Law Center**

Syllabus

Spring Semester 2015

INTERNATIONAL TAX

PROFESSOR WILLIAM P. STRENG

1. Course Objective. This course provides a comprehensive analysis of the two general segments of the U.S. income taxation of international (i.e., cross-border) transactions:

- a) The United States taxation of non-resident aliens and foreign corporations on their income derived from U.S. sources; and,**
- b) The United States taxation of U.S. persons on that income which they realize from sources outside the United States.**

In examining these subject areas significant attention will be given to the important provisions included in both (i) U.S. income tax legislation (i.e., the U.S. Internal Revenue Code), and the related tax regulations, and (ii) U.S. income tax treaties (including, particularly, the current U.S. Model Income Tax Treaty).

Specific U.S. income tax topics to be covered during the semester will include:

- a) Sourcing rules for allocating income and deductions among several national taxing jurisdictions;**
- b) Taxation of U.S. citizens and enterprises organizing businesses and realizing income in foreign locations, including tax haven income, and the availability and use of the foreign tax credit in reducing U.S. income tax liabilities;**
- c) Income tax incentives for exports;**
- d) Reallocation of income and deductions between related U.S. and foreign enterprises (i.e., transfer pricing);**
- e) Taxation of portfolio income realized by foreigners in the U.S.; the income of foreign business interests derived in the United States; and, foreign investment in U.S. real estate; and,**

f) Taxation of foreign currency transactions.

Both the Internal Revenue Code and pertinent U.S. bilateral income tax treaty concepts will be examined with respect to these specific problem areas. An important focus will be the examination of structuring alternatives and the related tax risks in various international trade and investment tax planning situations.

2. Class sessions. This course meets on both Monday & Wednesday from 7:30 PM until 8:45PM for an anticipated 28 class sessions.

3. Attendance. Consistent with University of Houston Law Center policy, 80 percent attendance is required of the classes during the semester. An attendance list will be circulated at each class session. Those individuals not satisfying the attendance requirement will be reported to Law Center administrative officials for appropriate action.

4. Required course materials are:

- a) West Publishing Co., Gustafson, Peroni & Pugh, "Taxation of International Transactions--Materials, Text and Problems," Fourth Edition (2011) (unless a revised edition becomes available late in the year 2014); and,**
- b) CCH (Wolters Kluwer), "International Income Taxation--Code & Regulations, Selected Sections, 2014-2015 Edition," or a similar current Internal Revenue Code volume.**

Further, various materials for use in this course will also be periodically provided by Professor Streng either as (1) photocopied or (2) as posted on Professor Streng's website.

5. Recommended Supplemental Materials. A useful supplemental book for this course (possibly available in a student edition format at the bookstore and at the Law Library's reserve desk) is McDaniel, Repetti & Ring, "Introduction to United States International Taxation," Sixth Edition, Wolters Kluwer Law and Business (2014). Other useful materials are listed at the end of this syllabus.

6. Grade and examination. The grade in this course will be entirely dependent upon a final examination. This examination will either be administered according to the regular examination schedule or will be a “take-home” examination. The specific mode of examination will be determined early during the semester.

7. Class schedule. Attached is a schedule of the anticipated class sessions and the subject matter to be covered during each session. In addition to discussing the fundamental U.S. international tax rules, policy and planning issues we will also analyze what are appropriate responses to the problems included at various locations in the casebook.

8. Powerpoint Slides. To enable the identification of the most important items for discussion in the class sessions Powerpoint slide presentations will be regularly used by Professor Streng. These slides will be available at the following Internet site:

www.law.uh.edu/faculty/wstreng

The slides currently at that website for the International Tax course are those used during the Spring Semester 2013 class sessions in this course. These Powerpoint slides will be revised during the Spring Semester 2015. The 2015 revised slides will be posted on Mr. Streng’s website (ordinarily not until after the relevant class session).

9. Questions to professor. If you have questions concerning matters involving this course please contact Professor Streng at Room 226, Bates Law Building (TU-I); telephone 713-743-2148; or, Email at: Wstreng@uh.edu

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ANTICIPATED SPRING SEMESTER 2015 SCHEDULE

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<u>Session Number</u>	<u>Reading Assignment Text pages</u>	<u>Subject Matter</u>
1	1–36	Ch. 1, Introduction
2	36-75	Introduction, cont.
3	76-81	Ch. 2, Source Rules for Income and Deductions
4.	81-116	Source Rules, continued
5.	116-140	Source Rules, continued
6	141-166	Ch. 3, Foreign Persons: Trade or Business Income
7	166-181	continued
8	181-227	continued
9	228-260	Ch. 4, Foreign Persons: Nonbusiness United States-Source Income

10	260-277	continued
11	277-298	continued
12	302-366	Ch. 5, Foreign Tax Credit
13	366-403	continued
14	403-453	continued
15	453-484	continued
16	485-540	Ch. 6, Controlled Foreign Corporations
17	540-609	continued
18	609-663	continued
Postponing/skipping Chapter 7 (Foreign Tax Credit Limitations)		
19	710-750	Ch. 8, Transfer Pricing
20	751-769	continued
Postponing/skipping Chapter 9 (Foreign Currency)		
21	814-867	Ch. 10, International Tax-Free Exchanges
	(Skipping 867-880)	
22	881-940	Ch. 11, International Sale of Goods

23	966-1010	Ch. 12, Exploitation of Intangible Property Rights Abroad
24	1010-1072	continued
25	1073-1117	Ch. 13, Direct Investment Abroad
26	1117-1149	continued
27	769-813	Ch. 9, Foreign Currency
28	Review	

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Suggested Supplemental Reference Materials

- 1. American Law Institute, "Federal Income Tax Project--International Aspects of United States Income Taxation," (1987).**
- 2. American Law Institute, "Federal Income Tax Project--International Aspects of United States Income Taxation II, Proposals on United States Income Tax Treaties," (1992).**
- 3. Ault & Arnold, "Comparative Income Taxation--A Structural Analysis", Third Edition, Aspen Publishers (2010).**
- 4. Bittker & Lokken, "Fundamentals of International Taxation--U.S. Taxation of Foreign Income and Foreign Taxpayers," 2010 (or later?) Edition, Thomson-Reuters - Warren, Gorham & Lamont - RIA.**
- 5. Doernberg, "International Taxation--In a Nutshell," Eighth Edition, West Publishing Co./Thomson Reuters (2009).**
- 6. Graetz, "Foundations of International Income Taxation," Foundation Press (2003), collection of articles concerning U.S. international taxation.**
- 7. Isenbergh, "International Taxation", Foundation Press (Concepts and Insights Series), Third Edition (2010).**
- 8. Kuntz & Peroni, "U.S. International Taxation," Three Volumes, Warren, Gorham & Lamont (as supplemented) (and available electronically on RIAG Checkpoint).**
- 9. Misey & Schadeewald, "A Practical Guide to U.S. Taxation of International Transactions," Eighth Edition, Kluwer Law--CCH Incorporated (2011).**

10. Streng & Salacuse, "International Business Planning--Law and Taxation--United States," Matthew Bender, three volume treatise (complete revision, 2011).

11. BNA Tax Management, Inc., various "Foreign Income" series and Transfer Pricing series "Tax Management Portfolios" (also available electronically on Westlaw).

Note:

1. Various bilateral tax treaties are available through several files at Lexis; Fedtax library.

2. Current international tax developments are reported in Tax Notes International (available electronically at Lexis, Fedtax library, TNI file).

3. Many of the Thomsen-Reuters RIAG/Warren, Gorham & Lamont treatises are available electronically through Law Library access at Checkpoint.com or, possibly, on Westlaw at: Taxation/Warren Gorham & Lamont treatises/ WGL International Tax Treatises (listed individually).

4. The Tax Management foreign portfolios are available in separated printed volumes in the Law Library and are available electronically through Lexis-Nexis (see "Foreign Income Series" and "Transfer Pricing Series").