



THE
CHARTERED
INSTITUTE OF
TAXATION

Syllabus and Guidance Notes
The Advanced Diploma in
International Taxation 2009



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The Advanced Diploma in International Taxation

Notes accompanying the syllabus

In order to achieve success in this qualification candidates will need to possess a broad knowledge right across the spectrum of international taxation, preferably informed by experience.

This document contains the detailed syllabuses for each paper and option currently available, together with recommended reading lists.

Questions will NOT be set which require knowledge of any law or regulation or any Statutory Instrument, EU directive or similar legal provision made within five months before the date of an examination, or any tax or legal court case reported less than three months before that date.

Each syllabus contains a list of topics included, together with an indication of the level of knowledge that a candidate may be required to demonstrate.

Paper I – Principles of International Taxation

I Basic principles of international tax law	20%
II Double Taxation Conventions (focusing on the current version of the OECD model)	30%
III Transfer pricing and thin capitalisation rules	20%
IV International tax avoidance	20%
V Miscellaneous topics	10%

The levels specified are:

Level 1

Candidates will be expected to have a broad understanding and awareness of the topic, but will not be required to provide answers in detail on these topics.

Level 2

Candidates will be expected to have a detailed knowledge of the topic and be able to apply this knowledge in both written and computational situations (where appropriate), showing an understanding of the issues involved.

Level 3

Candidates may be required to demonstrate an advanced knowledge, involving interpretive exposition and analysis, with the ability to comment upon problems arising and to suggest possible solutions in novel situations.

Candidates are expected to have an awareness of current accounting issues relevant to tax.

Balance of each syllabus

The tables below are intended to give candidates broad guidance on the approximate proportion of marks available for the major areas within the syllabus for each paper.

Paper II – Advanced International Taxation

A – United Kingdom Option

I	Income Tax, Corporation Tax and Capital Gains Tax		
A	Basic jurisdictional rules	10%	
B	The application of corporation tax to cross-border situations	25%	
C	Double Taxation relief	20%	
D	The UK Double Taxation Treaty network	10%	
E	Transfer pricing (to include thin capitalisation)	10%	
F	Anti-avoidance	10%	
G	The impact of EC law	5%	
II	Inheritance Tax	}	
III	Stamp Taxes		10%
IV	National Insurance Contributions		
V	Value Added Tax and Customs Duties		

Paper II – Advanced International Taxation

B – United States Option

I	Federal Income Tax	
A	Basic rules and concepts	15%
B	Cross-border situations: outbound	15%
C	Cross-border situations: inbound	20%
D	US tax treaties	10%
E	Transfer Pricing	10%
F	Cross-border mergers and acquisitions	10%
G	Foreign trusts	5%
II	Federal Estate Tax	}
A	Basic rules and concepts	
B	Cross-border issues	
III	Federal Gift Tax	
A	Basic rules and concepts	}
B	Cross-border issues	
IV	State and Local Taxes	
A	State income taxes on cross-border business	

Paper II – Advanced International Taxation

C – Hong Kong Option

I	Income Tax	
A	Taxation of individuals	25%
B	Taxation of corporate business	35%
C	Tax administration	10%
D	Tax planning and tax audit	10%
E	Double Taxation relief and Hong Kong Double Taxation Treaty Network	10%
II	Stamp Duty	10%

Paper II – Advanced International Taxation

D – Singapore Option

I	Income Tax	
A	Tax jurisdiction	10%
B	Taxation of individuals	10%
C	Taxation of companies and other vehicles	15%
D	Taxation implications of debt and equity	10%
E	Ascertainment of chargeable income	15%
F	Tax planning and tax administration	15%
G	Relief from international double taxation	15%
II	Goods and services tax	10%

Paper II – Advanced International Taxation

E – Malta Option

I	Income Tax on Income	
A	Tax jurisdiction	10%
B	Ascertainment of chargeable income	10%
C	Taxation of Individuals	10%
D	Taxation of Companies	15%
E	Taxation of Partnerships	5%
F	Special Cases	5%
G	Relief from international double taxation	10%
H	Tax Administration	5%
II	Income Tax on Capital Gains	10%
III	Property Transfers Tax	5%
IV	Duty on Documents and Transfers	10%
V	Value Added Tax	5%

Paper II – Advanced International Taxation

F – Australia Option

I	Income Tax	70%
II	Fringe Benefits Tax	10%
III	Goods and Services Tax	20%

Paper III – Principles of Corporate and International Taxation

A – United States Option

I	The structure of the US tax system	5%
II	US federal income taxation: overview	20%
III	Inbound investment	25%
IV	Outbound investment	30%
V	Other issues	20%

Paper III – Principles of Corporate and International Taxation

B – European Community Option

I	The Institutional background	15%
II	Historical overview of the development of EC tax law from the 1950s to the present time	5%
III	The harmonisation of Indirect Taxes and Duties (other than VAT)	5%
IV	The harmonisation of VAT (in outline: this is not intended to consider the operation of the VAT in any particular Member State)	10%
V	The harmonisation of direct taxes	10%
VI	The tax jurisprudence of the ECJ relating to taxes	20%
VII	Administrative co-operation between Revenue authorities in Europe	5%
VIII	Taxpayer protection within Europe	10%
IX	The EC and international tax law	10%
X	The State Aid Rules and taxation	5%
XI	The future direction of EC tax law	5%

Paper III – Principles of Corporate and International Taxation

C – United Kingdom Option

I	The structure of the UK tax system	20%
II	Principles of UK corporate taxation and the taxation of shareholders and employees	50%
III	Principles of international taxation	30%

Paper III – Principles of Corporate and International Taxation

D – China Option

I	The structure of the Chinese tax system	20%
II	Individual Income Tax: An Overview	10%
III	Enterprise Income Tax: An Overview	20%
IV	Inbound Investment	30%
V	Outbound Investment	10%
VI	Other issues	10%

Paper III – Principles of Corporate and International Taxation

E – Australia Option

I	The Australian Tax System	10%
II	Australian Income Tax	10%
III	Taxation of Inbound Investment	40%
IV	Taxation of Outbound Investment	40%

Recommended reading – the CIOT library

Candidates are welcome to use the Institute's library, which is located at King's College, London. Applications for library cards should be e-mailed to info@adit.org.uk

Paper I – Principles of International Taxation

	Level
I Basic principles of international tax law	
A Jurisdiction to tax: limits on tax jurisdiction arising from public international law	1
B Taxes and tax systems:	
1. Federal systems and local-level taxes	1
C State practice in exercising tax jurisdiction:	
1. Concepts of source and situs; use of residence, domicile and citizenship as connecting factors	2
2. State practice in determining residence of individuals and corporations	2
3. Implications of the use of citizenship as a connecting factor (esp. particular issues for US citizens)	1
4. State practice in determining the source of income and gains	2
5. Tax issues arising from a change of residence/citizenship	2
D Limits to tax jurisdiction: cross-border enforcement of taxes	1
E Causes of International Double Taxation:	
1. Conflicts of residence and source	2
2. Conflicting definitions of connecting factors	2
3. Other causes of International Double Taxation (including particular issues for using citizenship as a connecting factor for taxation)	1
F Methods of relief from International Double Taxation:	
1. Relief by credit – including indirect/underlying credit and tax sparing credit	3
2. Relief by exemption – including participation exemption	3
3. Practical difficulties in applying relief by credit and relief by exemption	3
4. Relief by exemption and relief by credit compared: capital import neutrality vs. capital export neutrality	2
5. Other methods of relief from International Double Taxation – relief by deduction of foreign tax; relief by deferral	2
G Private international law and taxation:	
1. Recognition of foreign legal entities	2
2. Characterisation of entities as transparent or opaque – state practice on characterisation	2
3. The issue of qualification and international taxation	1
H History of international tax law:	
1. Work under the League of Nations	1
2. Work of the OECD	2
3. Work of the UN Group of Experts	1
I European Community law and international taxation:	
1. EC law and Double Taxation Conventions	2
J State responsibility in international taxation – the development of the concept of harmful tax competition	2

II Double Taxation Conventions (DTCs) focusing on the current version of the OECD Model Tax Convention (MTC)

Candidates will be expected to understand the operation of the provisions of the OECD MTC, to show awareness of the major points in the Commentary to the relevant Article of the OECD MTC and be aware of key reports of the OECD Committee on Fiscal Affairs and major international cases on the topic

A	The types of DTCs (limited, multilateral etc.) and the negotiation of DTCs	1
B	DTCs and domestic law:	
	1. Incorporation of DTCs into domestic law	3
	2. Treaty override	3
C	The format and structure of a DTC:	
	1. The OECD Model and the Commentaries to the OECD Model – the work of the OECD Committee on Fiscal Affairs	3
	2. The UN Model	1
	3. Specific states' models: the US Model, the Dutch Model	1
D	The approach to the application of a DTC: applying a DTC to a concrete scenario	3
E	The interpretation of DTCs:	
	1. The general approach to interpretation	3
	2. The Vienna Convention on the Law of Treaties	2
	3. The use of external aids for interpretation – the status and use of the OECD Commentaries	2
	4. The application of Art. 3(2) OECD MTC	2
	5. Resolving interpretation issues by competent authority proceedings – Art. 25(3) OECD MTC	2
F	Provisions relating to the scope of a DTC: Arts. 1, 2, 29, 30 OECD MTC	2
G	Key definitional provisions:	
	1. The meaning of “resident” and resolution of cases of dual residence – Art. 4 OECD MTC	3
	2. The permanent establishment concept: determining the existence of a permanent establishment – Art. 5 OECD MTC	3
H	DTC provisions relating to businesses:	
	1. Business profits (with or without a permanent establishment) – Art 7 OECD MTC	3
	2. Shipping and air transport profits – Art. 8 OECD MTC (in outline)	1
	3. Associated enterprises – Art. 9 OECD MTC: status of Art. 9 and link to transfer pricing legislation	3
I	DTC provisions relating to individuals:	
	1. Employment income – Art. 15 OECD MTC	2
	2. Self-employed income – Art. 14 OECD MTC (prior to its deletion)	1
	3. Pensions – Art. 18 OECD MTC	1
J	DTC provisions relating to investment income and gains:	
	1. Income from land – Art. 6 OECD MTC	1
	2. Dividends – Art. 10 OECD MTC – including some consideration of the forms of dividend article used by key states (US, UK, France, Germany)	3
	3. Interest – Art. 11 OECD MTC	3
	4. Royalties – Art. 12 OECD MTC	3
	5. Capital gains – Art. 13 OECD MTC	2

	Level
K Relevance of the “other income” Article – Art. 21 OECD MTC	2
L Limitation of benefit provisions:	
1. Approaches to the misuse of DTCs	2
2. Abuse of law doctrines and DTCs	2
3. State practice with respect to LoB provisions	2
M Methods of elimination of Double Taxation – Arts. 23A and 23B OECD MTC	3
N The impact of the non-discrimination Article – Art. 24 OECD MTC	2
O The resolution of disputes under DTCs:	
1. Competent authority/mutual agreement procedures – Art. 25 OECD MTC	2
2. Alternative means of resolving international tax disputes	2
P The application of DTCs to electronic commerce:	
1. The work of the OECD Taxation Advisory Group	2
2. E-commerce and permanent establishments	2
III Transfer pricing and thin capitalisation rules	
A Various approaches to the determination of profits of branches and associated enterprises:	
1. Unitary taxation/global formulary apportionment	2
2. Arm’s length approaches	3
B State practice with respect to transfer pricing:	
1. Consideration of examples of domestic transfer pricing legislation (US, UK, Germany, Australia)	2
C Transfer pricing and DTCs – Art. 9 OECD MTC	3
D Advanced pricing agreements	3
E The OECD Transfer Pricing Guidelines:	
1. Consideration of the methodologies in the Guidelines	3
2. Practical application of the methodologies and the resolution of transfer pricing disputes	3
3. Valuation of intangibles	3
4. Cost sharing/contribution arrangements	3
5. Intra-group services	3
6. Documentation	3
F State practice with respect to thin capitalisation:	
1. Consideration of examples of thin capitalisation legislation (US, UK, Germany)	3
G Thin capitalisation legislation and DTCs	3
IV International tax avoidance	
A Tax havens:	
1. Approaches to the identification of tax havens – black lists, white lists, grey lists – work of the OECD Forum on Harmful Tax Practices	2
2. Features of the most commonly used tax havens	2
B Domestic law approaches to international tax avoidance:	
1. CFC and other controlled foreign entity legislation – examples from state practice	2
2. Foreign personal holding company legislation – examples from state practice	2
3. CFC and equivalent legislation and DTCs	2
C Money-laundering legislation and international tax avoidance:	
1. Application of money-laundering legislation to foreign fiscal offences	1

Level

D	Co-operation between revenue authorities:	
	1. Exchange of information – Art. 26 OECD MTC	2
	2. Tax information exchange agreement	1
	3. Joint investigations of taxpayers	1
	4. Co-operation in the enforcement of tax liabilities/assistance in the collection of taxes Art.27 OECD MTC	1
E	Conventions for administrative assistance in tax administration:	
	1. The OECD/Council of Europe Convention	1
	2. Regional arrangements for cooperation in tax administration	1
V Miscellaneous topics		
A	Indirect taxes and international taxation:	
	1. The origin and destination bases for indirect taxes	2
	2. GATT and GATS rules and the limitation on border tax adjustment	2
	3. WTO rules and taxes – the WTO dispute resolution regime and taxation	2
B	Cross-border mergers:	
	1. Examination of some of the issues and solutions	2
C	Estate and gift taxation and international issues:	
	1. The taxation issues of cross-border probate	1
	2. The OECD Model Double Taxation Convention on Estates and Inheritances	1
D	Taxation and international human rights instruments:	
	1. The European Convention on Human Rights and taxation	2
	2. The International Covenant on Civil and Political Rights and taxation	2



Recommended reading list for Paper I

There is an excellent compilation of materials on International Tax Law: Van Raad, Kees, *Materials on International and EC Tax Law* (Leiden: International Tax Centre, 8th ed., 2008/09), Vol. 1 [ISBN 978-90-806-547-8-5]. Candidates may take a copy of Volume 1 into the examination. Copies can be obtained from the International Tax Centre at Leiden University:
e-mail b.bosman@itc-leiden.nl

OECD, Committee on Fiscal Affairs, *Model Tax Convention on Income and on Capital*, (Paris: OECD, 2008, [ISBN: 9789264048195] (included in Kees Van Raad's compilation of materials). Available to download from www.oecd.org/dataoecd/14/32/41147804.pdf.

OECD, Committee on Fiscal Affairs, *Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations*, (Paris: OECD, 1995 – loose-leaf with updates every one or two years), [ISBN: 92-64-14533-8] (included in Kees Van Raad's compilation of materials).

Candidates can obtain OECD documents from some bookshops or directly from the OECD publications department at: OECD Publications, 2 rue André-Pascal, 75775, Paris Cedex 16, France. (T: +33 1 4524 8200; F: +33 1 4910 4276).

Books

Unfortunately, there is no single textbook or casebook for the entire syllabus. There are books which cover parts of the syllabus, but these need to be supplemented by references to articles in periodicals (see below). **Most of the books below are available from www.amazon.co.uk or www.amazon.com. CCH publications are available to order from www.cchinformation.co.uk**

Books to which candidates should refer are:

Williams, David W., *Trends in International Taxation*, (Amsterdam: International Bureau of Fiscal Documentation, 1991) [ISBN: 90.70125-53.6]

Baker, Philip Woolf, *Double Taxation Conventions and International Tax Law*, (London: Sweet & Maxwell, 3rd edition, loose-leaf, 2001) [ISBN: 0-421-67360-5]

Ogley, Adrian, *Principles of International Taxation* (London: Interfisc Publishing, 1993) [ISBN 0 952 0442 0 X]

Qureshi, Asif, *The Public International Law of Taxation: Text, Cases and Materials* (London: Kluwer Law International, 1994) [ISBN 1 85333 950 4]

Rohatgi, Roy, *Basic International Taxation – Volume 1 (Principles)* (BNA International, 2005) [ISBN 1904501346 and 1904501354]

Vogel, Klaus, *Double Taxation Conventions*, (London, Kluwer Law International, 3rd edition, 1997) [ISBN: 978-0-906524-06-0]

Tolley's International Corporate Tax Planning (London, Tolley's Publishing 2002) [ISBN: 0-7545-1339-4]

Li, Jinyan, *International Taxation in the Age of Electronic Commerce: A Comparative Study* (Canadian Tax Foundation, 2003) [ISBN: 0-88808-184-7]

McIntyre, Michael J and Arnold, Bryan J, *International Tax Primer* (October 2002) (Kluwer Law International) [ISBN 9041188983] Available from Amazon.co.uk for £26.60 (+ P&P)

*CCH Tax Planning: International and Specialist
2008/2009* (2008, £92.50)

CCH's European VAT Compliance Manual
(looseleaf/CD/online) £375

CCH's British International Tax Agreements
(looseleaf/CD/online) £480

Miller, A and Oats, L, *Principles of International
Taxation* (Tottel Publishing 2006,) [ISBN
1845923278] £75. Available from www.tottelpublishing.com and www.amazon.co.uk

Russo, R (Editor), Finnerty, CJ (Author),
Merks, P (Author), Pettricone M, (Author),
Fundamentals of International Tax Planning
(IBFD July 2007) [ISBN 978-90-8722-016-7]
available from www.ibfd.org for €120.00 or
\$156.00 (which equals £87.73 or £76.78 at the
time of going to press)(IBFD July 2007) [ISBN
978-90-8722-016-7]

Holmes, K, *International Tax Policy and Double
Taxation Treaties* (IBFD, December 2007)
[ISBN: 978-90-8722-023-5] €95

Periodicals

Because International Taxation is a rapidly developing subject, and because of the lack of a single textbook, candidates will have to follow much of the course through articles in periodicals. Several periodicals are devoted to the subject of international taxation. Unfortunately, only a very good tax library is likely to have all these periodicals. A number of the journals are now available electronically from various web-sites.

The principal periodicals are:

Bulletin of the International Bureau of Fiscal Documentation (Amsterdam: International Bureau of Fiscal Documentation). Known as the Bulletin for International Taxation.

European Taxation (Amsterdam: International Bureau of Fiscal Documentation). Abbreviated as "E.T."

Intertax (Deventer: Kluwer Law and Taxation Publishers). Also available online from CCH at www.cchinformation.com

Cahiers de Droit Fiscal International (Studies on International Fiscal Law) (Deventer: Kluwer Law and Taxation Publishers) abbreviated as "*Cahiers D.F.I.*". (despite its title, most reports in the Cahiers are published in English).

British Tax Review (London: Sweet & Maxwell) [ISSN 0007-1870] Abbreviated as "B.T.R."

EC Tax Review (New York, Kluwer Law International) published together with Intertax [ISBN 978 988000 7408] Available online from CCH at www.cchinformation.co.uk

Case Reports

The syllabus does not examine the rules of any one State. Decisions of the courts of many countries are therefore relevant to this subject. Leading cases are drawn from as far afield as New Zealand, South Africa, Canada, France and Germany. The cases from the non-English world are generally from the Bundesfinanzhof (German Federal Tax Court), Conseil d'Etat (French Supreme Administrative Court) or the Hoge Raad (Dutch Supreme Court). The more important cases are summarised in *European Taxation or the Bulletin for International Taxation*.

Since 1997, there is a series of law reports known originally as the *Offshore Financial Law Reports* (London, Campden Publishing abbreviated as "O.F.L.R.") and subsequently published as the *International Tax Law Reports* (London, Sweet & Maxwell, abbreviated as "I.T.L.R.") which contain the texts of important international tax cases (including English translations of some cases).

These law reports are now available on-line as part of the LexisNexis online service. CCH's *British Tax Cases* are also useful.

A more detailed list of publications is available on request, together with a detailed list of web sites.

Paper II – Advanced International Taxation

A – United Kingdom Option

	Level
I Income Tax, Corporation Tax and Capital Gains Tax	
A Basic jurisdictional rules:	
1. Jurisdictional rules applying to the various categories of income and to capital gains tax	3
2. Meaning of residence for individuals, corporations and other bodies	3
3. Determination of UK source or situs for various categories of income and property: trading in the UK; UK permanent establishment	3
4. The imposition of tax on non-resident persons: UK tax representatives of non-resident persons; withholding at source	2
5. Domicile and the remittance basis	3
B The application of corporation tax etc to cross-border situations:	
1. The taxation of the foreign income of UK-resident corporations	3
2. The determination and taxation of the UK-source income of non-resident corporations	3
3. Entity characterisation: the characterisation of foreign entities for various purposes	3
4. Cross-border payments of dividends, interest and royalties out of the UK	3
5. Cross-border payments of dividends, interest and royalties into the UK	3
6. Forex rules	2
7. Cross-border reorganisations	3
8. Tax consequences of change of corporate residence	3
9. Tax issues of employees: stock options, NICs, tax equalisation arrangements	2
10. UK partnerships trading abroad; non-resident partners in UK partnerships	1
11. Revenue International and the Centre for Non-Residents	1
C Double Taxation relief:	
1. The basis for Double Taxation relief: unilateral and treaty relief:	3
2. The rules for determining Double Taxation relief : the credit code	3
3. Practical administration of DTCs and foreign tax credit relief	2
D The UK Double Taxation treaty network:	
1. The legal basis for negotiating and implementing Double Taxation Conventions in the UK	2
2. The approach to interpreting Double Taxation Conventions in the UK	3
3. An overview of the UK treaty network (candidates are not expected to know the details of the entire network, but are expected to know where UK treaty practice departs regularly from the OECD Model. Some understanding of the major UK treaties – with the US, Netherlands, France and Germany, in particular – is expected)	2

	Level
E Transfer pricing (to include thin capitalisation):	
1. The legal basis for transfer pricing adjustments in the UK	3
2. The UK approach to transfer pricing	3
3. Other transfer pricing provisions	2
4. Thin capitalisation provisions	3
5. The UK approach to thin capitalisation	3
F Anti-avoidance:	
1. Transfers of assets abroad	2
2. Controlled Foreign Companies	3
3. Offshore funds	1
4. The migration of companies – including the Treasury General Consents	3
5. Capital gains tax	3
6. Double tax relief	2
7. Arbitrage	2
G The impact of EC Law:	
1. The implementation of the Directives relating to direct taxation: Parent-Subsidiary Directive; Mergers Directive; Arbitration Convention; Mutual Assistance Directives; Interest; Royalties; Savings Income	2
2. The impact of the jurisprudence of the ECJ	2
H Non-UK Trusts:	
1. The rules relating to non-UK resident trusts, their settlors and beneficiaries	2
II Inheritance Tax	
A Basic jurisdictional rules:	
1. Domiciled individuals, non-domiciled individuals, deemed domicile	1
2. Situs of assets	1
B Double Taxation:	
1. The UK's network of estate taxation conventions	1
2. Measures for relieving Double Taxation	1
III Stamp Duty, Stamp Duty Reserve Tax, Stamp Duty Land Tax	
A Basic jurisdictional rules	2
B Extension of stamp duty reliefs to cross-border situations	2
IV National Insurance Contributions	
A Application of NIC rules in cross-border situations	1
B The UK's network of double contribution agreements	1
V Value Added Tax and Customs Duties	
A The application of VAT to cross-border acquisitions, importations and supplies	2
B The application of VAT to non-UK resident entities	2
C The liability to and collection of customs duties in the UK and available reliefs	1

Recommended reading list for Paper II A – United Kingdom Option

LexisNexis offers full course notes, books and guidance for this paper to the level of detail specified in the syllabus. For details of how to obtain the course see page 10 of the prospectus.

What is essential is a thorough understanding of the relevant parts of the UK tax legislation and cases to which candidates will need direct access.

Books

Alastair Munro (KPMG), *Tolley's Double Taxation Relief – 8th Edition 2005* (Butterworth Tolley, London) £99.95 (December 2005) [ISBN: 9780754528906]
Available from www.lexisnexis.co.uk and www.amazon.co.uk (£65.96)

Natalie Lee, *Revenue Law: Principles and Practice – 24th Edition* (Tottel Publishing) £66.95 (September 2006) [ISBN: 1845922484]
Available from www.wildy.co.uk and www.amazon.co.uk

M Roy Saunders, *International Tax Systems and Planning Techniques* (Sweet & Maxwell) £131.51 (12 July 2000, published in the UK, loose-leaf/ring bound) [ISBN: 1860898165]

Philip Baker, *Double Taxation Conventions – 3rd Edition* (Sweet & Maxwell) £280 (4 October 2001, published in the UK, loose-leaf/ring bound) [ISBN: 0421673605]

Jonathan Schwarz, *Tax Treaties: UK Law and Practice* (Sweet & Maxwell) £151 (December 2001) [ISBN: 0-421-72490-0]. Available from www.amazon.co.uk (£197.99)

CCH *Tax Planning: International and Specialist 2008/2009* (Oct 2009, £92.50)

Tolley's International Corporate Tax Planning £128.75 [ISBN: 9780754513391]

CCH's *British International Tax Agreements* (looseleaf/CD/online) £530 (+£43.54 VAT)

Miller, A and Oats, L, *Principles of International Taxation* (Tottel Publishing 2006) [ISBN 1845923278] £75. Available from www.tottelpublishing.com and www.amazon.co.uk

Kessler, J, *Taxation of Foreign Domiciliaries Rev 5th Edition* (Key Haven Publications Plc, September 2006) [ISBN: 1901614298]
Available from www.amazon.co.uk (£125)

Paper II – Advanced International Taxation

B – United States Option

I. Federal Income Tax	Level
A Basic rules and concepts	
1. US taxpayers: individuals, corporations and others	3
2. Entity classification	3
3. Residency tests for individuals	2
4. Source of income and capital gains	3
5. Withholding tax principles	2
6. Bilateral tax treaties	2
7. Corporate groups and consolidated returns	2
8. General anti-avoidance: substance over form	3
B Cross-border situations: outbound	
1. Foreign tax credit: direct and indirect	3
2. Corporate transfers to foreign subsidiaries	3
3. Distributions from foreign subsidiaries	3
4. Foreign currency rules	2
5. Controlled foreign corporations	3
6. Passive foreign investment companies	2
7. Investment in foreign partnerships, funds	2
C Cross-border situations: inbound	
1. US trade or business of a foreign person	3
2. Effectively connected income	3
3. Branch profits tax	2
4. Related party financing of US subsidiary:	
- debt vs equity	3
- earnings stripping rules	3
5. Distributions from US subsidiary	3
6. US-source payments where no US trade or business	3
7. Safe harbours for US investment activity	2
8. Anti-conduit rules	2
9. Foreign investment in US real property interests	3
D US tax treaties	
1. The OECD Model and the US Model	3
2. Limitation on benefits provisions	3
3. Provisions relating to hybrid entities	2
E Transfer pricing	
1. The US approach to transfer pricing	3
2. Cost-sharing for research and development	2
3. Global trading of securities	2
4. Transfer pricing of services and intangibles	3
F Cross-border mergers and acquisitions	
1. Tax-free reorganisations	2
2. Outbound reorganisations	3
3. Inbound reorganisations	3
4. Carryover of tax attributes, losses	2
G Foreign trusts	
1. Grantor trust rules	2
2. Non-grantor trusts and accumulated income	2

	Level
II Federal Estate Tax	
A Basic rules and concepts	
1. Domicile of individuals	2
2. Situs of assets	2
B Cross-border issues	
1. Transfers to nonresident alien beneficiaries	2
2. Relief of double taxation: estate tax treaties	2
III Federal Gift Tax	
A Basic rules and concepts	
1. US persons and nonresident aliens	2
2. Situs of property for gift tax purposes	2
B Cross-border issues	
1. Transfers to nonresident aliens	2
IV State and Local Taxes	
A State income taxes on cross-border business	
1. Formulary apportionment	2
2. Worldwide groups and water's edge limitation	2
3. Jurisdictional issues: nexus and source	2

Recommended reading list for Paper II

B – United States Option

Internal Revenue Code and Treasury Regulations

Internal Revenue Code (including all 2004 Amendments), Summer 2008 (or more recent) Edition (CCH Incorporated, Chicago)

Income Tax Regulations (including Proposed Regulations), Summer 2008 (or more recent) Edition (CCH Incorporated, Chicago)

Essential Reading

Isenbergh, *International Taxation, 2nd Edition* (Foundation Press, New York, 2005)

McDaniel, Ault and Repetti, *Introduction to United States International Taxation, 5th Edition* (Kluwer Law International, The Hague, 2005)

American Jobs Creation Act of 2004, Law, Explanation and Analysis (CCH Incorporated, Chicago, 2004) – Chapters 2, 4, 5 and 6 and associated Law and Committee Reports

Additional Reading

Avi-Yonah, Ring and Brauner, *U.S. International Taxation, Cases and Materials, 2nd Edition* (Foundation Press, New York, 2005)

Gustafson, Peroni and Pugh, *Taxation of International Transactions, Materials, Text and Problems, 3rd Edition* (American Casebook Series, West Group Publishing, St. Paul, December 2005) [ISBN: 0314149309] Available at www.amazon.co.uk

Gustafson and Pugh, *Taxation of International Transactions* (CCH, Inc., Chicago, 1994 (Series) [ISBN: 03144149309]. Available at www.amazon.co.uk

Doernberg, *International Taxation in a Nutshell, 7th Edition* (West Group Publishing, St. Paul, 2006) [ISBN: 0314163107] Available at www.amazon.co.uk

Primary Sources

Substantial readings of cases and IRS rulings will be included in the detailed syllabus for this Paper.

Paper II – Advanced International Taxation

C – Hong Kong Option

I Income Tax	Level
A Taxation of individuals	
1. Salaries tax on income from employment	3
2. Profits tax on income from self employment	2
3. Property tax on income from property	1
4. Personal Assessment	1
Within each of the above headings:	
i. Scope of charge: meaning of source of income and residence issues	3
ii. Deduction, relief, and allowances	2
iii. Calculation of tax liability	1
B Taxation of corporate business	
1. Profits tax on income of Hong Kong companies trading in Hong Kong, the Mainland of PRC, overseas	3
2. Profits tax on income of non Hong Kong resident companies trading in Hong Kong	2
3. Special categories of taxpayer	
i. Insurance corporations	1
ii. Financial Institutions	1
iii. Shipping and airline companies	1
iv. Clubs and associations	1
Within each of the above headings:	
i. Scope of charge: meaning of source of income and residence issues	3
ii. Deduction, relief, allowances	2
iii. Calculation of tax liability	1
C Tax administration	
1. Assessment procedures and tax compliance	1
2. Objections and appeals	2
3. Penalties	2
D Tax planning, and tax audit	
1. Tax deferral and mitigation – principles and strategies	3
2. Anti tax avoidance rules – specific rules, general rules and transfer pricing rules	3
3. Advance ruling	1
4. Tax investigation – process, methods of quantification of under-statement, offences and penalties	2
E Double Taxation relief and Hong Kong Double Taxation Treaty Network	
1. The basis of Double Taxation relief: unilateral and bilateral	2
2. The rules for determining Double Taxation relief: tax deduction, tax exemption, tax credit, etc.	2
3. Hong Kong treaty network, focus mainly on the Arrangement with the Mainland of China and the Treaty with Belgium (the first comprehensive tax treaty of Hong Kong)	1

II Stamp Duty	Level
A Scope of charge	2
B Voluntary disposition	2
C Relief and exemption	2
D Calculation of stamp duty	1
E Stamp duty planning	1



Recommended reading list for Paper II C – Hong Kong Option

Text books for Hong Kong Tax

Lee, Dora and Ming, Ho Chi, *Advanced Taxation in Hong Kong, Latest Edition*. (published by Longman Asia Ltd) [ISBN 962-999-998-6]

Hong Kong Master Tax Guide, latest edition (Published by CCH Asia Pte Limited) [ISSN 0218-8767]

Smith, David and MacPherson, Ayesha, HK *Taxation Law and Practice, latest edition*, (published by Chinese University Press) [ISBN 962-996-192-X]

Other relevant reference books

VanderWolk, J., *Source of Income: Tax Law and Practice in Hong Kong, latest edition*, (Sweet & Maxwell Asia, 1998) [ISBN 962-661-184-7]

Willoughby, P. and A. J. Halkyard, *Encyclopedia of Hong Kong Taxation (updated): Volume 1-4*, (Butterworths, 2001)

Halkyard, A., Vanderwolk, J. and Chow, Wilson WS, *Hong Kong Tax Law: Cases and Materials, 4th Edition*, (Butterworth Asia, 2004) [ISBN 967-962-585-0]

Hong Kong Revenue Legislation, CCH Asia Pte Ltd

Relevant websites

Hong Kong Inland Revenue Department: www.info.gov.hk/ird

Hong Kong Board of Review (for Board of Review's decision): www.info.gov.hk/bor

Bilingual Laws Information System (for Inland Revenue Ordinance): www.justice.gov.hk

Paper II – Advanced International Taxation

D – Singapore Option

	Level
I Income Tax	
A Tax jurisdiction	
1. Charge to tax: source; remittance	3
2. Deemed and exempt income	1
3. Tax residence and its implications	2
B Taxation of individuals	
1. Employment income	3
2. Perquisites: stock options	2
3. Deductions and personal reliefs	1
4. Non-resident reliefs	2
C Taxation of Companies and other vehicles	
1. Taxation of corporate profits: trade or business	3
2. Corporate residence and tax implication	2
3. Taxation of REITs and distributions	2
D Taxation implications of debt and equity	
1. Deductibility of interest and other costs of debt financing	3
2. Taxation of dividends	3
E Ascertainment of chargeable income	
1. Deductions	3
2. Capital allowances	3
3. Loss relief	2
F Tax Planning	
1. Anti-avoidance	3
2. Advance rulings	1
3. Transfer pricing	2
G Tax Administration	
1. Assessment and compliance	1
2. Objections and appellate process	2
3. Penalties for non compliance and violations	2
F Relief from international double taxation	
1. Unilateral, commonwealth and bilateral reliefs	3
2. Tax credits under DTAs	2
II Goods and Services Tax	
A The charge to tax	1
B Scope of charge: supply; consideration; taxable person; in the course of furtherance of business	3
C Value of supply and time of supply	2
D International services	2
E Anti-avoidance	2

Recommended reading list for Paper II

D – Singapore Option

Text books for Singapore Tax

Singapore Master Tax Guide Manual, 2 vol. looseleaf edition, 1989- (Singapore: CCH Asia Pte Ltd) [ISBN: 981-00-1086-9]

Singapore Master Tax Guide Handbook 2008-09, 27th Edition. (Singapore: CCH Asia Pte Ltd) [ISBN 978-981-4228-42-8] \$55

Lim C, Leung YK, Chia HM, *Goods and Services Tax - Law & Practice* 2002 (Singapore: Butterworths Asia) [ISBN: 981-236-225-8]

Supplementary Materials

Tax Issues – Articles and Case Notes (Singapore: CCH Asia Pte Ltd) [ISBN: 981-04-4212-2]

Pointon, *Revenue Law in Singapore and Malaysia: Cases and Commentary, 2nd Edition.*, 1993 (Singapore: Butterworths Asia) [ISBN: 0409996319]

Online Resources

Singapore IRAS: www.iras.gov.sg

Singapore Ministry of Finance/Taxation: www.mof.gov.sg

Singapore statutes and judicial authorities: www.lawnet.com.sg

Paper II – Advanced International Taxation

E – Malta Option

Level

I Income Tax on Income Level	
A	Tax jurisdiction
	1. General jurisdiction rules (income arising, foreign source income, the remittance basis) 3
	2. Meaning of ordinary residence for individuals 2
	3. Meaning of ordinary residence for companies 3
	4. Meaning of domicile for individuals 2
	5. Meaning of domicile for companies 3
	6. Meaning of 'residence' for companies and individuals and relevance of the term 2
B	Ascertainment of Chargeable Income
	1. The concept of chargeable income 1
	2. Deductions of a Non-Capital allowances Nature 2
	3. Capital allowances 3
	4. 'Personal' Deductions (Arts. 14A-14E) 2
	5. Surrendering of Losses 2
	6. Relevant Exemptions (Including the Participation Exemption) 3
C	Taxation of Individuals
	1. The Taxation of Employment Income (Overview) 3
	2. The Fringe Benefit Rules 2
	3. Article 56 (17) 2
	4. The Part-Time Rules 2
	5. Computational Issues 2
D	Taxation of Companies
	1. Meaning of the Term 'Company' 3
	2. General Tax Treatment of Companies 3
	3. Tax Accounting 3
	4. The Refundable Tax Credit System and the Full Imputation System 3
	5. Deemed Distributions and the Investment Income Provisions 1
E	Taxation of Partnerships
	1. Transparent entities for the purposes of Maltese law 2
	2. The Taxation of partners 1
F	Special Cases
	1. Shipping Companies 2
	2. Collective Investment Schemes 2
	3. Non-Resident Entertainers 2
	4. Trusts 3
G	Relief from International Double Taxation
	1. Double Tax Treaty Relief 3
	2. Unilateral Relief and Relief for Underlying Tax 3
	3. The Flat Rate Foreign Tax Credit 3

	Level
H Tax Administration	
1. Tax Compliance Obligations	1
2. Penalties	1
3. Objections, assessments and appeals	2
II Income Tax on Capital Gains	
1. Chargeable Gains	3
2. Relevant Definitions	2
3. Transfers of Immovable Property	2
4. Transfers of Securities (Including Capital Gains Rules)	2
5. Exemptions	2
III Property Transfers Tax	
1. Scope of Article 5A ITA	2
2. Special Rules	2
IV Duty on Documents & Transfers	
1. Documents Subject to Duty	3
2. Transfers of Shares	3
3. Transfers of Immovable Property	2
V Value Added Tax	
1. Concept of 'Turnover Tax'	1
2. The application of VAT to cross-border acquisitions, importations and supplies	2

Recommended reading list for Paper II E – Malta Option

Essential Reading:

Attard Robert, *Principles of Maltese Tax Law* (MIM 2008)
 Attard Robert, *An Introduction to Income Tax Theory* (Agenda Books 2005)
 [ISBN-10: 9993267279]
 [ISBN-13: 978-9993267270]

Micallef Renald (Ed), *Taxation Manual* (MIT 2008)

Useful Reading but Not Essential

Vella, Edwin, *Notes on Income Tax* (Malta 1968)

Paper II – Advanced International Taxation

F – Australia Option

	Level
I Income Tax	
A Jurisdiction to Tax	
1. Concepts of Residency: Distinguishing between Residents, Temporary Residents and Foreign Residents	3
2. Concepts of Source: Classes of Income and Statutory/Common Law Source Rules	3
B Taxing Residents	
1. Exemption/Exemption with Progression Methods	3
2. Foreign Tax Credits (known as “Foreign Income Tax Offsets”) Methods	3
3. Deduction Methods	1
4. Attribution of Income CFC; Transferrer Trust; FIF’s and Sections 96/C	2
C Taxing Foreign Residents	
1. Withholding Taxes on Certain Dividends	3
2. Withholding Taxes on Interest	3
3. Withholding Taxes on Royalties	3
4. Taxes on Capital Gains	3
5. Other Income	3
D Taxing Temporary Residents	
1. Australian sourced income	2
2. Foreign Employment Income	2
3. Capital Gains	2
E International Anti-Avoidance Measures	
1. Statutory Anti-Avoidance Rule (“GAAR”)	3
2. Thin Capitalisation	2
3. Transfer Pricing	3
F Double Tax Agreements	
1. Taxes Covered	3
2. Taxpayers Covered	3
3. Time-frame Covered	3
4. Allocation Rules	3
5. DTA Methods to Avoid Double Tax	3
6. Treaty Shopping	2
7. Treaty Override	1
8. DTA Procedures	
i) Exchange of Information Procedures	2
ii) Mutual Agreement Procedures	1
iii) Binding Arbitration Procedures	1
II Fringe Benefits Tax	
A General Principles	3
B Exemptions	2

Paper II – Advanced International Taxation

F – Australia Option

C	Valuation of Fringe Benefits	
1.	Cars	1
2.	Loans	1
3.	Housing	1
D	International Aspects	3
III Goods and Services Tax		
A	General Principles	3
B	Registration	2
C	Grouping	2
D	Non-taxable supplies	2
E	GST-Free Supplies	2
F	Input taxed supplies	2
G	International Aspects	
1.	Exports	3
2.	Imports	3
3.	Concept of “connected with Australia”	3

Recommended reading list for Paper II

F – Australia Option

Reading:

Deutsch et al *Australian Tax Handbook* 2008 (Thompson/ATP 2008) [ISBN: 9780 8646 0535 1]

Deutsch et al *Principles and Practice of Double Tax Agreements* (BNA International 2008)
[ISBN: 978-0-906524-15-2]

Deutsch RL *Fundamental Tax Legislation (latest edition)* (Thompson Reuters)

Income Tax Assessment Acts

Paper III – Principles of Corporate and International Taxation, A – United States Option

	Level
I The structure of the US tax system	
A Federal taxation vs. state and local taxation	1
B The federal tax system: the Internal Revenue Code:	
1. Income Tax, including Alternative Minimum Tax	1
2. Estate, Gift and Generation Skipping Transfer tax	1
II US federal income taxation: overview	
A Basic rule: taxation of worldwide income of US persons	
1. Scope of taxable income	2
B Individuals:	
1. US citizens and permanent residents	1
2. Other resident individuals: physical presence test	1
3. Treaty tie-breaker provisions	1
C Corporations:	
1. Rates	2
2. Consolidated returns	2
3. Earnings and profits	2
4. Reorganisations: Type A, B, C, D, E, F	1
5. Section 304: intra-group transfers	1
D Partnerships	1
E Trusts and estates:	1
1. Grantor trusts	1
F Classification of business entities: the “check the box” regime	2
G Basic rules regarding taxation of non-US persons	1
H Source of income: section 861 et seq.	2
III Inbound investment	
A Non-US person engaged in the conduct of a US trade or business:	
1. Taxable presence: US trade or business	2
2. Effectively connected income	2
3. Branch profits tax (for corporations)	1
4. Treaty considerations	1
B Non-US persons not engaged in the conduct of a US trade or business:	
1. Withholding of tax on fixed or determinable, annual or periodic (“FDAP”) income from US sources	
a) Scope of FDAP income	2
b) Documentation of beneficial ownership	2
c) Qualified Intermediary regime	1
2. Portfolio interest exemption	1
3. Treaty considerations	1
C Foreign Investment in Real Property Tax Act	1
D Special US tax treaty issues: Limitation of benefit articles, saving clauses, treaty overrides	2
E Specific anti-avoidance rules: interest-stripping and anti-conduit regulations	1

IV Outbound investment	Level
A Foreign tax credit:	
1. Direct	2
2. Indirect	2
3. Limitation system: the separate baskets	2
B Anti-deferral rules:	
1. Subpart F Controlled foreign corporations	2
2. Passive foreign investment company rules	1
C Outbound transfers: Code section 367	2
V Other issues	
A Transfer pricing rules: Code section 482 and regulations	2
B Anti-avoidance: general case law doctrines and main statutory provisions:	
1. Substance versus form	2
2. Section 269: tax-motivated transactions	1
3. Section 894(c): hybrid entities	1
C Estate and Gift Tax:	
1. US residents (citizens and domiciliaries): rates, taxable assets, exemptions	1
2. Non-resident aliens: taxable assets	1
D Indirect Taxes:	
1. Customs duties	1
2. State and local sales taxes	1

Recommended reading list for Paper III A – United States Option

Essential Reading:

International Income Taxation: Code and Regulations (published by CCH, code number 5292Q) £58 from CCH: 020 8547 3333 (website: www.cch.co.uk)

Candidates may take a copy of this into the examination.

Abrams, Howard and Doernberg, Richard, *Federal Corporate Taxation* (West Information Publishing Group) £25.47 at www.amazon.co.uk Paperback, 386 pp, (1 July 2002) [ISBN: 1587783770]

Streng, William P, *US International Estate Planning* Available from <http://ria.thomson.com/EStore/detail.asp?ID=WUEPE>

Doernberg, Richard, *International Taxation in a Nutshell* (West Group Publishing: November 2006)

[ISBN: 0314163107] Available at www.amazon.co.uk

Useful reading but not considered essential:

Gustafson, CH and Pugh, R, *Taxation of International Transactions Materials, Text and Problems, 3rd Edition*. (American Casebook Series, West Group Publishing: December 2005) [ISBN: 0314149309]

Available at www.amazon.co.uk

Paper III – Principles of Corporate and International Taxation, B – European Community Option

	Level
I The Institutional background	
A The provisions of the Treaties establishing the European Community and European Union which are relevant to taxation	1
B The EC Institutions relevant to taxation: role of the Commission, the Council and the European Court of Justice (ECJ)	1
C The hierarchy of EC and national tax regimes: possible approaches and implications for taxation	1
II Historical overview of the development of EC tax law from the 1950s to the present time	
	1
III The harmonisation of Indirect Taxes and Duties (other than VAT)	
A The common Customs regime and the internal movement of goods	1
B The harmonisation of Excise Duties	1
C Other specific duties	1
D Capital duty	2
IV The harmonisation of VAT (in outline: this is not intended to consider the operation of the VAT in any particular Member State)	
A Historical outline and basis in the treaties	2
B The Directives and Draft Directives	2
C The current position on harmonisation of VAT	2
D Future developments and proposals	1
V The harmonisation of direct taxes	
A The basis in the Treaties	2
B Historical outline of developments with regard to direct taxation	2
C Measures adopted on direct tax harmonisation: the direct tax Directives	2
VI The jurisprudence of the ECJ relating to direct taxation	
A The concept of discrimination	2
B The concept of restriction	2
C The notion of comparability	2
D Justifications	2
E The principle of proportionality	2
F The relationship with non-member countries	2
VII Administrative co-operation between Revenue authorities in Europe	
A Arrangements for administrative assistance in Europe: the Mutual Assistance Directives; the Mutual Assistance in Recovery of Duties (MARD) Directive	2
VIII Taxpayer protection within Europe	
A The European Convention on Human Rights and taxation	2
B The link between the Convention and EC law	2
C General principles of European Community law and their application to taxpayers	2
IX The EC and international tax law	
A The EC and Double Taxation Conventions (including the relevant jurisprudence of the ECJ)	2
B The EC and the principles of international taxation	2
C The EC and international tax avoidance and evasion	2

X The State Aid rules and taxation

- A The application of the State Aid rules to taxation, with particular reference to the decisions of the ECJ **2**
-

XI The future directions of EC tax law

- A Current developments (including Environmental Taxes, European Monetary Union and Taxation) **2**
- B Future policy directions **1**
-

Recommended reading list for Paper III B – European Community Option

There is an excellent compilation of materials on EC Tax Law: Van Raad, Kees (ed.), *Materials on International and EC Tax Law* (Leiden: International Tax Centre, 8th ed., 2008-09) – Vol. 2 on EC Tax Law [ISBN 9080654760]. Candidates may take a copy of Volume 2 into the examination. Copies can be obtained from the International Tax Centre at Leiden University:
e-mail: b.bosman@itc-leiden.nl

Books

There are several good books that cover the subject matter of this course. You should choose from one of the following, many of which are available from amazon.co.uk:

The most up-to-date book is: B J M Terra and P J Wattel, *European Tax Law 5th.Edition.* (Kluwer, 2008) [ISBN 90-411-2740-2].

Slightly less up-to-date is: P Farmer and R Lyal, *EC Tax Law* (Clarendon Press, Oxford, 1994) [ISBN 0-19-825764-3].

Also a little older is: A J Easson, *Taxation in the European Community* (Athlone Press, 1993) [ISBN 0 485 70010 7], but is a very good description.

As an introductory text, you may like to read D Williams, *EC Tax Law* (Longman, 1998) [ISBN 0 582 30596 9].

CCH's *European VAT Compliance Manual* (looseleaf/CD/online) £415

O'Shea T *EU Tax Law and Double Tax Conventions* (London, Avoir Fiscal Ltd, 2008)
e-mail:avoirfiscal@live.co.uk £70

Journals and Case Reports

Since this is a rapidly developing field, candidates will need to watch out for important new articles in journals. The principal journals which carry articles on EC Tax Law are:

European Taxation published by the International Bureau for Fiscal Documentation in Amsterdam [ISSN 0014 3138].

EC Tax Journal published by Key Haven Publications plc [ISSN 11350-1089].

EC Tax Review published by Kluwer Law International together with Intertax [ISBN 978 988000 740 8]. Also available online from CCH at www.cchinformation.com

Tax Notes International Magazine available online through LexisNexis and from www.taxanalysts.com

Bulletin of the Institute of Fiscal Documentation published by the IBFD.

European Taxation published by the IBFD.

The European Court of Justice is relatively active in the tax field. Candidates should regularly check the Court's web-site for new tax cases: <http://curia.eu.int/>.

Paper III – Principles of Corporate and International Taxation, C – United Kingdom Option

	Level
I The structure of the UK tax system	
A Direct and Indirect Taxes – Income Tax, CGT, Corporation Tax, Inheritance Tax, VAT, Stamp Duty and Stamp Duty Land Tax	1
B Sources of tax law and HMRC practice, statute and case law	1
C Income Tax and Corporation Tax – the Schedules and jurisdictional rules	2
D Residence etc	
1. Individuals – residence, ordinary residence and domicile, and consequences of being non-UK resident and non-UK domiciled	2
2. Companies – residence	2
3. Trustees – residence	1
E Determination of UK source for income and situs of assets	2
F UK approach towards anti-avoidance	2
II Principles of UK corporate taxation and the taxation of shareholders and employees	
A The characterisation of entities for tax purposes	2
B The computation of the taxable profits of a company	
1. The use of accounting principles	2
2. The major book/tax differences	2
3. Capital allowances, particularly plant and machinery and industrial buildings	2
4. Tax treatment of interest and foreign exchange	2
5. The preparation of computations in foreign currency	2
6. Loss reliefs	2
7. Intangibles and R&D	1
C Groups of companies	
1. Definition of groups and consortia	1
2. Group and consortium reliefs	1
3. Transfers of assets within groups	1
4. Company leaving a group	1
D Tax treatment of corporate distributions	2
E Chargeable gains of companies	
1. Date of disposal and deferred consideration	2
2. Indexation allowance	1
3. Roll-over and hold-over reliefs	2
4. Loss reliefs	1
5. Substantial shareholdings exemption	2
6. Reorganisation reliefs	1
7. Company termination and liquidation	1
F Administration of Corporation Tax – returns and payment rules	1
G Taxation of company shareholders	
1. Treatment of dividends received	2
2. Disposal of shares and taper relief	2

	Level
H Taxation of employees	
1. Taxable income including benefits	1
2. National Insurance Contributions	1
3. Administration of PAYE and NIC	1
4. Share options and incentives, pensions	1
III Principles of international taxation	
A The imposition of tax on non-resident persons	
1. Permanent establishments	2
2. United Kingdom sourced income and gains	2
3. Withholding at source	2
4. Entertainers special rules	1
B Impact of EU law on United Kingdom taxation	1
C Double tax relief	
1. Unilateral and treaty reliefs	2
2. Calculation of double tax relief	2
D Transfer pricing and thin capitalisation	
1. United Kingdom approach, including administration and documentation requirements	2
E Anti-avoidance provisions	
1. Migration of companies	2
2. Controlled foreign companies	2
3. Transfer of assets abroad	1
F Overview of United Kingdom double tax treaty network	2
G Taxation issues relating to cross border employees	
1. Effect of residence, ordinary residence and domicile	2
2. Arrival to and departure from United Kingdom	2
3. Employee expenses, especially travel, subsistence and relocation	2
4. Tax equalisation arrangements	1
5. National Insurance Contributions	2
H Value added tax on cross-border transactions	2

Recommended reading list for Paper III C – United Kingdom Option

Tax Memo 2008-09 (FL Memo, September 2008)
£95 from <http://www.flmemo.co.uk/products/tax/index.html>
or from Amazon.co.uk [ISBN: 9780955719042]

Morse, Geoffrey and Williams, David D,
Davies: *Principles of Tax Law* (Published by Sweet & Maxwell in October 2004)
£28.95 from Amazon.co.uk
Paperback, 509 pp [ISBN: 0421858303]

Lymer, Andrew, Oats, Lynne and Hancock,
Dora, *Taxation: Policy and Practice 2008/09*
(Fiscal Publications, 15th Edition, August 08)
£34.15 from Amazon.co.uk
[ISBN: 190620103x]

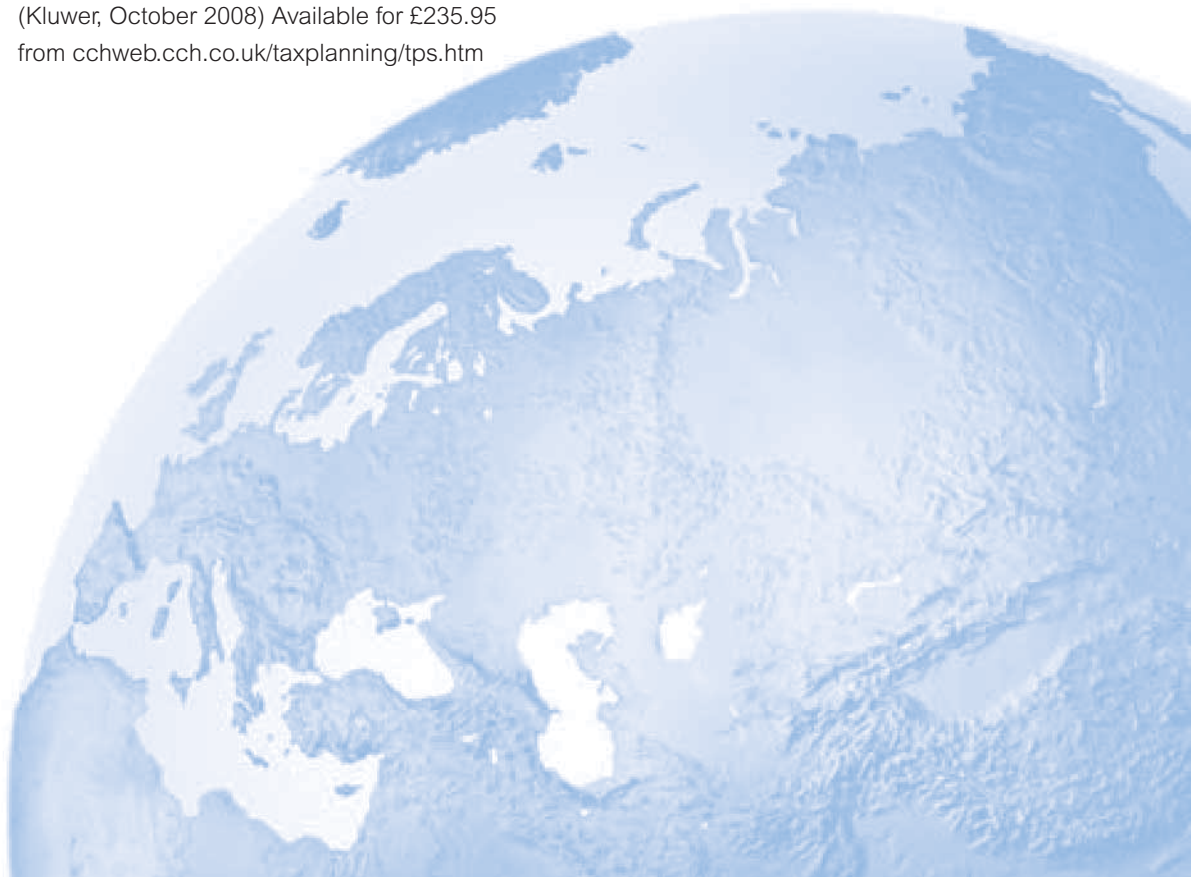
CCH's *British Master Tax Guide 2008 – 2009* (Kluwer, September 2008) Available to order for £69.95 from cchweb.cch.co.uk/taxhandbooks/taxhb.shtml
CCH *Tax Planning: Series 2008 – 2009* (Kluwer, October 2008) Available for £235.95 from cchweb.cch.co.uk/taxplanning/tps.htm

Either

Tiley, John and Collison, David, *UK Tax Guide 2008 – 09* (published by LexisNexis UK in October 2008) £109.20 from Amazon.co.uk
CIOT member discount.
Paperback [ISBN: 14057259007]

Or

Tiley, John, *Revenue Law* (published by Hart Publishing 6th edition in October 2008)
£47.01 from Amazon.co.uk
[ISBN: 1841139203]



Paper III – Principles of Corporate and International Taxation, D – China Option

	Level
I The structure of the Chinese tax system	
A Sources of Tax Law	1
B National vs. local taxation	1
C Income taxes (Individual Income Tax, Enterprise Income Tax)	1
D Property taxes (Property-related taxes)	1
E Turnover taxes (VAT, Business Tax, Excise Tax and other issues)	1
F Stamp Duties and other taxes	1
G Administration framework	1
II Individual Income Tax: An Overview	
A Special features	1
B Liability to tax	1
C Scope of “taxable income”	1
D Computation of tax liability	1
E Withholding of tax at source and other compliance requirements	1
F Effect of tax treaties	1
III Enterprise Income Tax: An Overview	
A Legislative background	1
B Liability to tax	2
1. Enterprise	
2. Resident	
3. Non-resident	
C Taxable income	2
D Tax liability	2
E Tax Incentives	2
F Anti-avoidance rules	2
G Tax Administration	1
IV Inbound Investment	
A Foreign Direct Investment	1
1. Enterprises resident in China (Joint Ventures, wholly Foreign-owned enterprises, public companies)	
2. Tax incentives	2
B Foreign Enterprises doing business in China through an “establishment” or “site”	2
1. Meaning of “establishment” or “site”	
2. Effectively connected income	
3. Treaty considerations	
C Foreign Passive investment	2
1. Chinese source of income	
2. Dividends	
3. Interest	
4. Rents and royalties	
5. Capital gains	
6. Service fees	
7. Treaty considerations	

	Level
D Specific Anti-avoidance rules: Thin capitalisation	2
V Outbound Investment	
A Foreign tax credit	2
1. Direct	
2. Indirect	
B Anti-deferral rule: Controlled Foreign Corporations	1
VI Other Issues	
A Transfer Pricing	2
B General anti-avoidance rules	2
1. Substance over form	
2. Statutory General Anti-Avoidance Rule	
C Property-related taxes	
D Indirect Taxes	1
1. VAT, Business Tax and other sales taxes	
2. Customs	

Recommended reading list for Paper III D – China Option

Essential Reading – Primary Sources

- *Enterprise Income Tax Law and Implementation Regulations*
- *Individual Income Tax Law and Implementation Regulations*
- *VAT Regulations and Implementation Rules*
- *Business Tax Regulations and Implementation Rules*
- *China-UK Tax Treaty*
- *China-Barbados Tax Treaty*

The English text of these documents is available at the State Administration of Taxation website:

<http://www.chinatax.gov.cn/n6669073/index.html>

* I CCH, *China Master Tax Guide (2007/8)* (or a subsequent edition published in the autumn of 2008) £60

Reference

* I Xin Zhang, *Law and Practice of International Tax Treaties in China* (Wildy, Simmonds and Hill Publishing, 5 Sep 2003) £62.70 from Amazon.co.uk

*Candidates may take a copy of these materials into the examination

Paper III – Principles of Corporate and International Taxation, E – Australia Option

	Level
I The Australian Tax System	
A The Federal Income Tax	1
B Fringe Benefits Tax	1
C The Goods and Services Tax	1
D Taxation at State Level	
1. The nature of state taxation	1
2. Important state taxes on business	
i. Payroll tax	1
ii. Stamp duties	1
iii. Land tax	1
II Australian Income Tax	
A Defining taxpayers under the Income Tax	
1. Individuals and companies	2
2. Other entities	
i. Partnerships	1
ii. Trusts	2
iii. Superannuation funds	1
iv. Others	1
B Jurisdictional nexus rules	
1. Residence of individuals	2
2. Residence of companies	2
3. Other entity residence	1
4. Source	2
C Concept of income	
1. Income of taxpayer and tax year	2
2. Taxation of capital gains	2
3. Rates	1
III Taxation of Inbound Investment by Corporations	
A Taxation of the income of Australian resident subsidiaries of offshore companies	
1. When will a subsidiary be resident	2
2. Worldwide taxation of resident subsidiary	2
3. Restrictions on deductions	
i. Thin capitalisation	2
ii. Transfer pricing	2
4. Double tax agreements	2
B Taxation of Dividends paid by Australian resident subsidiaries of offshore companies	
1. Withholding tax and dividends	
i. The nature of a dividend in Australian tax	2
(a) Debt Equity rules	2
ii. Exemption for franked dividends	2
iii. Exemption for foreign conduit income	2
iv. Impact of double tax agreements	2

Level

C	Taxation of Interest paid by Australian resident subsidiaries of offshore companies	
1.	Withholding tax regime applied to interest	2
i.	Nature of interest	2
ii.	Impact of double tax agreements	2
D	Taxation of Royalties paid by Australian resident subsidiaries of offshore companies	
1.	Withholding tax regime applied to royalties	2
i.	Nature of a royalty	2
ii.	Impact of double tax agreements	2
E	Taxation of Subsidiary Employees from overseas	
1.	When will they become residents	2
2.	The temporary residence regime	2
3.	Taxation of non-residents working in Australia	2
4.	DTA issues in relation to the taxing of foreign residents	1
F	Disposal of investment in Australian resident subsidiaries by offshore company	
1.	Taxation of taxable Australian assets	2
2.	DTA issue in relation to disposal of shares	2
G.	Taxation of the Australian business profits of a non-resident	
1.	What is a branch and when is this issue relevant	2
2.	Australian sourced business profits	2
3.	Impact of Double Tax Agreements on business profits of the branch	2
4.	Interest, royalties and dividends earned with a branch connection	
i.	Assessment	2
ii.	Withholding tax	2
iii.	Double tax agreements	2
5.	Capital gains and branches	2
6.	Thin capitalisation and branch profits	2
H	Taxation of passive investment by Non-resident	
1.	Assessment	2
2.	Withholding tax	2
3.	Capital gains	2
4.	Double tax agreements	2
IV Taxation of Outbound Investment		
A	Taxation in relation to an offshore subsidiary	
1.	The controlled foreign company regime	
i.	What is a CFC?	2
	Control tests	2
ii.	What income is attributable?	2
iii.	Who is an attributable taxpayer	2
iv.	Payments out of previously attributed income	3
2.	The non-portfolio dividend exemption	2
3.	Other dividends	2

	Level
3. Other dividends	2
i. Foreign tax credits	2
4. Capital gains on disposal	
i. The participation exemption	2
5. Funding investments and deductions	
i. Deductibility of interest and other expenses	2
ii. Thin capitalisation and outward investors	2
6. Double tax agreements	2
B Taxation in relation to an offshore branch	
1. Foreign branch profits exemption	2
i. Scope of exemption	2
2. Transfer pricing	2
3. Foreign tax credits	2
4. Double tax agreements	2
C Taxation of offshore passive investment	
1. Assessment and foreign tax credits	2
2. The foreign income fund regime	2
3. Other attribution	
i. Deemed entitlement to trust income	1
ii. The transferor trust regime	1
4. Deductions	2
D. Taxation of offshore employment income for expatriates	
1. When will a person cease to be a resident	2
2. Exemptions	2
3. Double tax agreements	2

Recommended reading list for Paper III E – Australia Option

Deutsch et al *Australian Tax Handbook 2008* (Thompson/ATP 2008) [ISBN: 9780 8646 0535 1]

Deutsch RL *Fundamental Tax Legislation (latest edition)* (Thompson Reuters)

Income Tax Assessment Acts

Thesis Rules

Candidates for the Advanced Diploma in International Taxation may submit a thesis instead of sitting one or other of Papers II or III but not both.

1. Candidates must submit a thesis proposal using the proper proposal form. The proposal must include:

- Working title
- Brief synopsis of your topic – approximately 250 words
- A brief statement as to what you hope your thesis will add to the existing body of knowledge on taxation.

2. Approval of the thesis proposal is at the sole discretion of the Diploma Committee.

3. All entry forms must be accompanied by a registration fee of £150 which is refundable only if the thesis proposal is not approved.

4. Registration is valid for three years from the date of notification of approval by the Committee after which re-registration and a further fee at the appropriate rate will be required. Subject to the approval of the Committee, a thesis proposal may be changed within the three-year period without a further fee being charged.

5. If the candidate has chosen to submit a thesis instead of sitting Paper II, the subject matter of the thesis must be related to international tax from the perspective of the country of the candidate's choice ("home country"). Theses dealing with matters of international or supranational tax policy will be acceptable so long as the effects on and/or relationship with the home tax system are included. Likewise, theses which carry out comparative studies of the home tax system with those of other countries will be acceptable.

6. If the candidate has chosen to submit a thesis instead of sitting Paper III, the subject matter of the thesis must be related to some aspect of international tax as it affects a "non-home" country or transnational grouping such as the EC.

7. Further guidance as to subject matter is given in the Thesis Guidance Notes which follow on page 43. Where appropriate (e.g. in a thesis which takes an aspect of the current home tax system as its subject and which draws on the author's practical experience) adequate consideration should be given to the commercial and legal background to the topic so that such matters as company law, trust law, contract law and generally accepted accounting principles are discussed where relevant.

8. The thesis must be personal to the author. This means that the thesis must contain the author's own analysis of the issues under consideration and/or should analyse existing material on the subject matter in a new way.
9. The thesis must be fully referenced. This means that all books, articles and other sources (such as a firm's in-house technical materials) used must be cited in the text by way of footnote. Where quotations are used these should be clearly identified as such and properly referenced. A full bibliography should be provided.
10. The thesis should normally be between 15,000 and 20,000 words.
11. The thesis should be presented in accordance with the instructions in the Thesis Guidance notes as to page layout, margins and spacing. The candidate's reference number should be clearly marked on the outer cover but there should be no mention of the candidate's name either on the cover or anywhere else in the work.
12. Three copies are required to be submitted.
13. Theses will be reviewed as quickly as possible, normally within four months, but the Committee reserves the right to take such longer time as may be needed to complete its review.
14. In cases of failure to reach the required standard the Committee will provide a short report to the candidate outlining the principal areas of deficiency. The report will indicate whether a revised submission making good the deficiencies identified will be permitted. The decision of the Committee is final.
15. The Committee reserves the right to publish, free of charge, in *Tax Adviser* or on the CIOT web-site, or otherwise, in whole or part, any thesis which has been approved. The Institute also reserves the right to make available any theses, which have been approved for reading or photocopying. If the author makes a special application for the Institute to waive these rights, each such application will be judged on its own merits with the decision of the Institute being final. The copyright will remain vested in the author or his agent.
16. A Thesis prize may, at the discretion of the Committee, be awarded to the candidate who, in the sole opinion of the Committee, achieves the highest standard in any calendar year.
17. The Committee reserves the right to amend the rules as to theses at any time but the rules applying at the date of the application for thesis approval will remain valid throughout the period of registration.

Thesis Guidance Notes

Introduction

These guidance notes are intended to clarify the requirements for the presentation of a thesis which are laid down in the Thesis Rules. They aim to indicate those matters for which thesis reviewers will be searching, to summarise the main faults in theses and to list the steps in approaching the preparation of a thesis which the Committee considers may increase the likelihood of a candidate's success.

Choosing a topic

The primary questions to address are:

"What aspect of international taxation really interests me?"

"Does it provide sufficient scope for a 15,000-20,000 word thesis?"

Although candidates will often choose aspects of taxation in which they have considerable practical experience, theses based purely on academic research will be equally acceptable.

Your topic may be concerned purely with international aspects of your home country's taxation system or it may be more wide ranging. Whilst your topic may deal with international tax issues or general issues of tax policy it is important that you relate your subject matter to your home tax system if your thesis is submitted in place of Paper II or of

some non-home tax system if your thesis is submitted in place of Paper III.

The question of "originality"

A key requirement for success is that your thesis contains a high degree of originality. The nature of the concept of originality means that it is impossible to specify what constitutes it but, by way of illustration, originality may be achieved in one or more of the following ways:

- By drawing on your personal professional experience;
- By drawing together for the first time diverse sources of information on a particular topic to present a coherent treatment of the subject;
- By relating an aspect of taxation to wider legal, political, economic or ethical considerations.

The key test that will be applied is whether or not the thesis treats the chosen topic in a way not previously published.

There is no bar to choosing topics on which theses have previously been submitted provided these guidelines are adhered to.

The importance of analytical content

It necessarily follows from the requirement for originality that each candidate's thesis will contain a high degree of analytical content. This must be distinguished from descriptive content. Whilst some descriptive content will be necessary, e.g. for explanation of the current/previous legal position, the analytical content should provide, inter alia, commentary on and critique of the current/previous legal position and the Tax Authority's official interpretation and each candidate's own opinions (and recommendations if appropriate). Theses consisting of mainly descriptive content are less likely to succeed than ones with a high analytical content. However, the analytical content must not be achieved at the expense of thorough research into your subject matter.

Breadth versus depth

The requirement for a high degree of analytical content means that the thesis is more likely to succeed if it covers a narrow area in depth rather than a broad area superficially. This does not mean that candidates need to limit themselves to only a few sections of tax law; for instance, if a candidate wished to write on taxation in Eastern European economies he/she would be advised to limit your thesis either to one particular country or one particular tax, e.g. VAT or even one or two aspects of a particular tax, e.g. VAT on e-commerce on Eastern European economies.

The thesis should be a comprehensive treatment of its topic meaning that all relevant taxes need to be analysed, unless the thesis topic has been carefully defined to exclude them. Where appropriate, consideration of the relevant aspects of other areas of law or accountancy should be included.

Technical Accuracy

Whilst the Committee holds technical accuracy in high regard, it is acknowledged that some theses will be written by candidates with particular experience of the Tax Authority's interpretation of various provisions and that theses are likely to be concerned with provisions where the interpretation is contentious. Hence the thesis reviewer will not be expected to agree unreservedly with every technical point made. The Committee believes that there will always be room for a divergence of view as to the interpretation of statutes and case law and it wishes to encourage discussion of the meaning of that law. Candidates are therefore encouraged to show how parts of the law can be subject to different interpretations but would be expected to point out where they are taking a position or drawing a conclusion which may be challenged by the Tax Authorities. Provided that conclusion is well reasoned, candidates will not be penalised if the reviewer happens to hold an opposite personal view.

Theses on tax planning issues

If a thesis takes as its topic international issues in home country tax planning then it is important that the commercial aspects of the planning points and practical considerations in their implementation are considered. Relevant examples and illustrations would be expected together with due consideration of the accounting and legal considerations of the planning strategies being put forward. Reviewers in general will be impressed by a thesis making points that are of practical application and thesis writers concentrating on planning topics should bear this in mind. Even where the thrust of a thesis is a highly technical analysis of a very narrow area of tax law, the reviewer will appreciate a text which demonstrates how the reader would utilise the points being made.

Changes in the law during thesis preparation

The thesis should specify at the outset the date of the law on which it is based. If the thesis deals with specific points of law which are subject to change during the period of thesis preparation then the following guidelines will apply:

- Changes which are announced more than one year preceding submission date of the thesis should be fully dealt with in the body of the thesis.
- Changes announced within the period of one year before to three months immediately preceding submission date of the thesis should either be fully dealt with or else the thesis should contain a short chapter explaining the impact of the changes on the thesis content.
- Changes in the three months immediately preceding submission date of the thesis need not be dealt with.

Candidates are strongly advised to discuss their thesis with colleagues, to have one of them read it and make a critical review and to have someone proof-read it prior to submission.

Steps in the creation of a thesis

Candidates may find the following summary helpful.

Selection of topic

See comments above. Initially, a working title should be used which may be refined later.

Definition of the topic

Once the general area of the topic has been chosen, candidates should decide exactly what the scope of your topic should be, bearing in mind the comments above on breadth versus depth. The more precisely

the topic is defined at this stage, the more focused the research will be, avoiding unnecessary effort in researching materials which will later be discarded.

Collection of source materials

The thesis is intended to be a work of scholarship and this requires painstaking research into the chosen area, encompassing some or all of legislation, case law, books, international journal articles and web sites, professional correspondence and files, unpublished work such as CIOT or university theses. In a thesis on a more academic as opposed to a practical topic it would be appropriate to include a formal literature review so that the reader is aware of the volume and nature of materials available which are relevant to the topic.

Planning the structure of the thesis

Whether the thesis is firmly rooted in the practicalities of international aspects of the candidate's home country's tax system or whether it is on a more esoteric academic theme candidate's should write down the primary objective of their thesis. Perhaps there is a question on which the candidate wishes to reach a conclusion. Perhaps the candidate is going to perform a comparative study of an aspect of their home country's system with that of another country. Perhaps there is an assertion which the candidate wishes to try and prove. Making a list of criteria to be used in answering the question/ making the comparison/proving the assertion will greatly assist in providing the thesis with a logical and rational structure. For instance, if making a comparative study between the property taxes in the candidate's home country and in another country, what will be the points of comparison for the analysis? Fairness? Simplicity? Effect on the housing market? Effect on business expansion? etc.

Having done this, the candidate should then be in a position to sketch out a skeleton plan of the thesis with chapter headings and approximate word allocations, taking care to allocate properly between descriptive and analytical material. Candidates should remember that it may be more appropriate to locate larger tracts of descriptive material in appendices if they are relevant to the thesis but do not contribute directly to the analysis.

Writing up

It may be difficult to start. However, rest assured that once started candidates will find it even more difficult to finish! This is a personal choice but some candidates may find it easier to start with descriptive sections or by preparing practical or numerical examples rather than plunging straight into analysis.

Hanging on to good ideas

It is a fact of life that the best and most original ideas often come to us when the brain is in a state of relaxation – free thinking time. This is rarely at work and only sometimes when we sit ourselves down for a “creative” session but more often happens in the car, the bathroom, or just before sleep. Candidates may want to keep a notepad handy at all times.

Conclusions

A successful thesis will contain well argued conclusions which are supported by preceding analysis and descriptive materials. The conclusions should form a substantial part of the thesis rather than being confined to a few sentences at the end.

Presentation

The **TITLE** of the project and **THE CANDIDATE REFERENCE NUMBER** must be on the front cover. The candidate’s name should not appear anywhere on any of the copies.

The thesis must be typed using Times New Roman, Ariel or similar typeface in 12 point on one side only of A4 paper. Double spacing should be used in typescript. Margins should be provided as follows:

Left (binding edge)	40 mm
Other margins	20 mm

Binding

All copies are to be bound. Simple comb binding is perfectly acceptable.

Page numbering and contents page

Pages must be numbered throughout the whole work.

A contents page should appear at the front of the work.



Notes



Notes



Notes





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