

# Course Guide

## INTERNATIONAL TAXATION

**Degree in Economics and International  
Business**

**Universidad de Alcalá**

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**Academic Year 2019/ 2020**  
**Second Year – Second Term**

## COURSE GUIDE

Course name:	<b>International Taxation</b>
Code:	<b>361003</b>
Course Available for:	<b>Degree in Economics and International Business</b>
Department:	<b>Economics</b>
Course Type:	<b>Compulsory</b>
ECTS Credits:	<b>6</b>
Year and Term:	<b>Second Year – Second Term</b>
Professors:	<b>Violeta Pina Jorge Bañuelos</b>
Coordinator:	<b>Juan José Lagares</b>
Teaching Timetable:	<b>TBC</b>
Language of Instruction:	<b>English</b>

### 1. INTRODUCTION

This compulsory course studies the effects of taxes on international business. It is an important question, since the level of taxation can have hugely beneficial or harmful effects on any and all business activity. This course focuses on the knowledge required to:

1. Identify and recognise the limiting effects of taxation on international business from the viewpoint of economic forces.
2. Analyze income tax on people and legal entities and its effects on economic forces in a global economy.

3. Describe and analyze common configurations of fiscal systems, from the position of the state, showing the theoretical limits of taxes, strategies for better tax enforcement, and policies that generate stability.
4. Learn about the model agreement enacted by the OECD in order to avoid double taxation (such as the equalization of levies) and the typology of the different incomes and profit streams generated in international business.
5. Study the fiscal rules governing non-residents as a reference point for learning about the effects of taxes on international transactions.
6. Analyse different forms of international fiscal planning.

The material studied on this course is also applicable to the following courses: International Accounting (Contabilidad Internacional), Economics and Processes of Globalization (Economía y Procesos de Internacionalización) and International Business Management (Gestión Internacional de la Empresa).

## 2. SKILLS

### General Skills:

The main aim of the course is to develop the students' capacity to understand the effects the taxes of a government have on international trade. To attain this, students will learn methods and analysis procedures that will allow them to investigate any situation, and will also help them to understand differences and similarities between systems of taxation. This necessarily involves developing their ability to find information and select texts related to the taxes imposed by different countries, as well as improving their ability to form an argument based on the information and texts studied.

The content of this course facilitates the combination of self-study with some practical projects, which are to be carried out in groups or individually.

### Specific Skills:

1. Knowledge of the procedures required to evaluate fiscal burdens, as well as analysis of alternatives that allow comparisons to be made.
2. Knowledge of legislation relating to "non-residents" in Spain as a reference point for practical analysis of the fiscal burden borne of taxable transactions in Spain.
3. Study of international treaties regarding double taxation which guarantee neutrality in the enacting of taxation.
4. Analysis of the different forms of carrying out the same transaction in different fiscal jurisdictions, comparing the fiscal burden of each method.

## 3. CONTENT

The course is separated into three teaching units, with each unit subdivided into classes which reveal the key subject knowledge piece by piece.

## **UNIT 1. Introduction to direct taxes on residents**

### **a) Resident Natural Persons**

First Lesson: Taxes on the income of natural persons, including material, personal and temporary factors. Calculating income.

- 1.1. Taxable transactions and exempt income. Donors.
- 1.2. Types of income.
- 1.3. Calculating the base rate of tax
- 1.4. Integration and compensation of income.
- 1.5 Applicable reductions.
- 1.6 Total tax liability to the Spanish state and the respective autonomous region. Personal, family and disability exemptions .
- 1.7 Net tax liability.
- 1.8 Taxation period, accrual of taxes and temporary recognition of income and expenses.

### **b) Resident Legal Entities**

Second Lesson. Taxes on societies. Calculating income.

- 2.1 Taxable transactions and exemptions.
- 2.2 Taxable entities. Residency and fiscal domicile
- 2.3 Taxation period, accrual of taxes and temporary recognition of income and expenses.
- 2.4 Concept and calculation of taxable income. Rules relating to valuation.
- 2.5 Accounting and taxation: Fiscal adjustments.

Third lesson: Taxes on societies. Taxable income and calculating the total contribution.

- 3.1 Compensation for negative taxable income.
- 3.2 Exemptions for dividends and foreign income.
- 3.3 Deductions to eliminate double taxation, both national and international.
- 3.4 Calculating net tax payable .

## **UNIT 2. Taxation of non-residents**

Fourth Lesson: Measures to avoid international double taxation

- 4.1 Taxation in the global economy
- 4.2 International double taxation

- 4.3 Methods for eliminating double taxation
- 4.4 International agreements and community initiatives

#### Fifth Lesson: International Fiscal Competence.

- 5.1 Analysis of the phenomenon
- 5.2 Poor fiscal competence
- 5.3 Methods for avoiding poor fiscal competence

#### Sixth Lesson: Taxes on non-residents (I)

- 6.1 Concept of fiscal residency.
- 6.2 Taxable transaction
- 6.3 Personal elements

#### Seventh Lesson: Taxes on non-Residents (II).

- 7.1 Incomes from permanent establishment
- 7.2 Taxation on permanent establishment
- 7.3 Special regimes

#### Sixth Lesson: Taxes on non-residents (III)

- 7.1 Incomes not obtained from permanent establishment
- 8.2 Tax yield from work and pensions
- 8.3 Tax yield from capital
- 8.4 Levies on property

#### Ninth Lesson. Agreements regarding double taxation

- 9.1 The Model Agreement
- 9.2 Regime for income from capital
- 9.3 Entrepreneurial income
- 9.4 Other income

### **UNIT 3. Disclosure Requirements**

#### Tenth Lesson: Disclosure Requirements: FATCA and CRS regulations

- 10.1 Disclosure requirements and exchange of information.
- 10.2 FATCA regulations
- 10.3 CRS regulations
- 10.4 Integration and application of both systems

<b>First Class</b>	<ul style="list-style-type: none"> <li>Developed over two weeks</li> </ul>	<ul style="list-style-type: none"> <li>The professor will develop the theoretical and practical facets of the material</li> </ul>
<b>Second Class</b>	<ul style="list-style-type: none"> <li>Developed over one week</li> </ul>	<ul style="list-style-type: none"> <li>The professor will develop the theoretical and practical facets of the material</li> </ul>
<b>Third Class</b>	<ul style="list-style-type: none"> <li>Development over one week</li> </ul>	<ul style="list-style-type: none"> <li>The professor will develop the theoretical and practical facets of the material</li> </ul>
<b>Fourth Class</b>	<ul style="list-style-type: none"> <li>Developed over two weeks</li> </ul>	<ul style="list-style-type: none"> <li>The professor will develop the theoretical and practical facets of the material</li> </ul>
<b>Fifth Class</b>	<ul style="list-style-type: none"> <li>Developed over one week</li> </ul>	<ul style="list-style-type: none"> <li>The professor will develop the theoretical and practical facets of the material</li> </ul>
<b>Sixth Class</b>	<ul style="list-style-type: none"> <li>Developed over one week</li> </ul>	<ul style="list-style-type: none"> <li>The professor will develop the theoretical and practical facets of the material</li> </ul>
<b>Seventh Class</b>	<ul style="list-style-type: none"> <li>Developed over one week</li> </ul>	<ul style="list-style-type: none"> <li>The professor will develop the theoretical and practical facets of the material</li> </ul>
<b>Eighth Class</b>	<ul style="list-style-type: none"> <li>Developed over one week</li> </ul>	<ul style="list-style-type: none"> <li>The professor will develop the theoretical and practical facets of the material</li> </ul>
<b>Ninth Class</b>	<ul style="list-style-type: none"> <li>Developed over two weeks</li> </ul>	<ul style="list-style-type: none"> <li>The professor will develop the theoretical and practical facets of the material</li> </ul>

<b>Tenth Class</b>	<ul style="list-style-type: none"> <li>Developed over two weeks</li> </ul>	<ul style="list-style-type: none"> <li>The professor will develop the theoretical and practical facets of the material</li> </ul>
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### Schedule (Optional)

Week / Ses- sion	3. Content
<b>1st</b>	First class Theory and Practical
<b>2nd</b>	First class Theory and Practical (cont.)
<b>3rd</b>	Second class Theory and Practical
<b>4th</b>	Third class Theory and Practical
<b>5th</b>	Fourth class Theory and Practical
<b>6th</b>	Fourth class Theory and Practical (cont.)
<b>7th</b>	Fifth class Theory and Practical
<b>8th</b>	Sixth class Theory and Practical
<b>9th</b>	Seventh class Practice and Practical
<b>10th</b>	Eighth class Theory and Practical
<b>11th</b>	Ninth class Practice and Practical
<b>12th</b>	Ninth class Practice and Practical (cont.)
<b>13th</b>	Tenth class Practice and Practical
<b>14th</b>	Tenth class Practice and Practical (cont.)
<b>15th</b>	Conclusion and Revision of Subject

## 4. METHODOLOGIES FOR LEARNING AND TEACHING- EDUCATIONAL ACTIVITIES

### 4.1. Distribution of credits (150)

<b>Face-to-face tutorials 48 h</b>	<ul style="list-style-type: none"> <li>▪ Theoretical classes:23h</li> <li>▪ Practical classes: 23h</li> <li>▪ Tests: 2h</li> </ul>
<b>Self-study 102 h</b>	<ul style="list-style-type: none"> <li>▪ Independent work</li> <li>▪ Self study</li> <li>▪ Preparation for tests and exams</li> <li>▪ Completion of exercises</li> <li>▪ Attending tutorials</li> </ul>
<b>Total Hours 150</b>	<ul style="list-style-type: none"> <li>▪ Division of labour</li> </ul>

### 4.2. Methodological strategies, materials and educational resources

<b>Theoretical and practical sessions (attendance credits)</b>	<ul style="list-style-type: none"> <li>▪ Theory classes in large groups based on the methodology of the master class.</li> <li>▪ Practical and theory classes in small groups, based on a methodology of moving from the course content to real-world examples, both past and present.</li> <li>▪ Analysis and debate of practical examples. Development of the practical elements on each topic of the programme.</li> </ul>
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<p style="text-align: center;"><b>Individual and group work (credits unrelated to attendance)</b></p>	<ul style="list-style-type: none"> <li>• Individual and group work, fact-finding, reading articles and studying cases that will help students to correctly understand the theoretical and practical concepts acquired in class.</li> </ul>
<p style="text-align: center;"><b>Final Exam</b></p>	<ul style="list-style-type: none"> <li>• Exam covering all the material from the course.</li> <li>• (partial evaluation of the course for the purpose of continuous evaluation)</li> </ul>

The teaching method utilizes a combination of theoretical classes regarding the applicable legal framework as well as practical classes. There are also face-to-face tutorials, the possibility of online tutorials and, where appropriate, assisted work projects.

Teaching will begin by focussing on the defining aspects of the legal framework of the topics contained within the course. Once these regulations are understood, students will go on to learn about real-world cases, which will require analysis, evaluation and clarification through the application of the relevant theories.

### **Theory classes**

The theory classes explain the fundamental aspects of each topic. In these classes, the professor will explain the basic concepts of the applicable legal taxation framework. The classes are given in the form of a lecture, with assistance from computational or audiovisual material, or material of a similar nature.

The classes aim to provide knowledge related to the subject through a cumulative process, beginning with the simple topics and finishing with more complex ideas.

### **Practical classes**

The practical classes will begin once the students have grasped the basic theoretical knowledge of taxation legislation and can apply it effectively. The material on this course is applied daily to millions of administrative transactions, and the content will be centered around solving real-world problems. This approach allows the students to attain a deep understanding of how taxes affect different entities.

As well as this general class outline, it is possible to dedicate all or part of a class to:

- answering questions or queries related to different exercises: As long as this is done with discretion and at the request of the students, these questions can be related to theoretical concepts, examples, or outcomes or hypotheses that have been studied and evaluated during the course...

- Practical workshops: In these classes the students will investigate examples and conventional hypotheses, the aim being that the students propose a solution that the professor will later examine and exhibit during the lectures.

The practical classes are structured to encourage the students to take the initiative and resolve the cases presented to them, basing their conclusions on the theoretical explanations seen in class or knowledge accumulated from independent study. Thus, the practical classes aim to refine their analytical abilities and generate an exchange of opinions, giving them a firmer grasp on the fundamental concepts of the subject.

The time spent on each exercise will depend on its complexity.

### **Tutorials**

The face-to-face tutorials are in place to provide individual assistance to students, and are always available to provide support: The tutorials are complement to lectures and practical classes, not a substitute. Fundamentally, they aim to provide timely help to students who are having trouble understanding any of the material studied.

The tutorials provide individual attention at a time to be decided by the professor.

### **Online Tutorials**

There is also the possibility of online tutorials, which will take place through the web page or via email with the professor. The student will be able to have any doubts, questions or queries answered individually and immediately, assisting the learning process.

### **Assisted work projects**

These are a way of putting the student's acquired theoretical knowledge into practice. These work projects can be undertaken by individual students or in a group, and will be presented and discussed in the practical classes.

## **5. EVALUATION: Procedures and criteria of evaluation and qualification**

*The normal process of evaluation is continuous evaluation of the student. Under the current rules, if the student does not participate in the process mentioned below, he/she will be recorded as "absent" from the regular programme of assessment. STUDENTS WHO WISH TO BE EXEMPT FROM CONTINUOUS EVALUATION must contact the Head of School (Director de la Escuela) or the Faculty Dean (Decano de la Facultad) in the first two weeks of teaching, explaining their reasons for desiring exemption from this process.*

*If this exemption is not requested, the student will be evaluated under the usual, continuous process. It will not be possible to change the form of evaluation once two weeks of teaching have passed.*

*Those students who are exempt from continuous evaluation will have to sit a final exam on the officially designated dates, which will examine their knowledge of the material studied in the course.*

#### A. System of Continuous Evaluation

*This system requires an 80% attendance rate in all theoretical and practical classes.*

*The students' knowledge will be evaluated thus:*

*- Two exams of theoretical and practical knowledge, which will evaluate the knowledge of the legal framework of taxes. Students are expected to demonstrate their knowledge by answering the questions.*

*These exams form 80% of the final grade. These tests are based on the material studied in the various units, and students who obtain an average grade of 5 or higher, and do not receive any grade lower than 4, will not need to sit the final exam.*

*As well as these exams, throughout the course students must complete a series of practical tests, for example, short essays on reading material, exercises, etc ..., which form 20% of the final grade.*

*Students who achieve a grade of 5 or higher will be considered to have attained enough knowledge to pass the course.*

#### B System of Final Evaluation

*The final exam will focus on the content of the course, and will contain both theoretical and practical elements.*

*Students who obtain an average grade of 5 or higher in the exam, and have no grade in any part of the exam lower than 4, will be considered to be knowledgeable enough of the subject to pass the course*

*If an extra exam is required, it will follow the same format of the aforementioned final exam.*

#### C Criteria of evaluation

*These are the criteria of evaluation:*

- Knowledge of the subject.*
- Comprehension and communication of knowledge acquired.*
- Ability to apply knowledge to real-world situations.*
- Ability to interpret economic variables from a taxation viewpoint.*
- Solutions to situations presented.*

## 6. BIBLIOGRAPHY

## Essential Bibliography

- Pérez J., Quintas J., Sánchez J. (2015): Introducción al sistema Tributario Español. Centro de Estudios Financieros. Madrid.
- Directivas Comunitarias sobre Armonización Fiscal
- Modelo de Convenio Tributario sobre Renta y Patrimonio. Instituto de Estudios Fiscales
- Manual de Fiscalidad Internacional. 2 volúmenes. 3ª edición Autor: Cordón Ezquerro, Teodoro / Gutiérrez Lousa, Manuel / Martín Parra Mª Luisa. Ed. Inst. de Estudios Fiscales
- Fiscalidad Internacional 3ª edición. Autor: Serrano Antón, Fernando. Editorial CEF– Centro de Estudios Financieros.
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- Convenios de doble imposición suscritos por España y disposiciones reglamentarias. 3ª edición Autor: dirección General de Tributos. Editorial, Mtrio. de Economía y hacienda.
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- Tributación Comunitaria. Volúmen I. Impuestos. Autor: Martín Jiménez, A. y otros. Editorial Aranzadi.

## Complementary Bibliography:

- Memento Fiscal 2015. Ed. Francis Lefebvre
- CISS. Todo fiscal 2015. 2015

## Rules and Regulations:

- Código Fiscal 2015 Registro de Economistas Asesores Fiscales, Consejo General de de Colegios de Economistas de España
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## Useful Websites:

- Agencia Estatal de la Administración Tributarias <http://www.aeat.es>
- Instituto de estudios Fiscales <http://www.ief.es>
- Registro de Economistas Asesores Fiscales <http://www.reaf.es>