



QUINLAN
SCHOOL of BUSINESS

Maguire Hall • Water Tower Campus
820 N. Michigan Avenue • Chicago, IL 60611
P • 312.915.6124 W • LUC.edu/Quinlan

Joseph M Stachnik, MBA, JD, LLM
Office: 708-488-4061
E-mail: jstach1@hotmail.com
Maguire Office
1 East Pearson, Chicago, IL 60611
Office Hours: By appointment

ACCT 432-001

STATE, LOCAL, AND INTERNATIONAL TAX

February – May 2018

Course Description:

This course will provide graduate business students with a basic understanding and familiarity with the principles of U.S. multi-jurisdictional taxation. The first half of the course will focus on the various types of state and location taxation and their common themes and differences. The second half will address Federal income taxation of cross-border transactions, both inbound and outbound.

The primary learning method will be a combination of individual reading, group and individual problem solving, and lectures. Students should be familiar with the fundamentals of individual and entity taxation.

Course Objectives and Learning Outcomes:

- Demonstrate the ability to properly allocate taxable income between different taxing jurisdictions
- Understand the basic principles and policies underlying state, local, and international taxation
- Develop a working knowledge of the different types of taxes (income, franchise, transfer, excise, property, etc.) used by state and local governments and the common issues that arise for each type
- Recognize constitutional and other limitations on the power of state and local governments to tax
- Learn techniques to reduce the state and local tax burden imposed on taxpayers operating in multiple taxing jurisdictions

- Understand how the United States taxes transactions involving more than one national jurisdiction
- Examine U.S. taxation of foreign based income and the role of income tax treaties,
- Determine appropriate transfer prices between affiliated companies, and the treatment of income from intellectual property

Course Materials:

- (1) *State and Local Taxation: Principles and Planning*, 2nd Ed., by Swenson, Gupta, Karayan and Neff (J. Ross Publishing 2004) (hereafter, “Swenson”)
- (2) Various supplemental materials will be made available in class.

Prerequisite: A minimum grade of C- in ACCT 341

Assignments and Grading:

- There are four assignments/components in which students can earn grade points in this class:

Class Participation/Individual Article	10%
Group Project/Presentation	30%
Midterm Quiz	20%
Final Exam	40%
Total	100%

Grading Policy

Letter grades are assigned as follows:

<u>GRADE</u>	<u>NUMERICAL EQUIVALENT</u>
A	92 or above
A-	90-91
B+	88-89
B	82-87
B-	80-81
C+	78-79
C	72-77
C-	70-71
D+	68-69
D	60-67
F	59 or below

Tentative Schedule and Assignments

Week	Topic
1	State Taxation: Introduction, Property Taxes
2	State Taxation: Constitutional Limitations
3	Income & Franchise Taxes, Credits & Incentives
4	Sales & Use Taxes, Employment Taxes, and Other Taxes
5	Midterm Exam / Articles
6	Team Research
7	Introduction to U.S. International Taxation; Source Rules
8	Presentations
9	Presentations / Review
10	Final Exam

Team Presentation

This project will allow your team to work on research and writing skills while learning more about a relevant course topic in depth. Your team should choose a topic related to one or more of the course objectives presented during class. The presentation should be neutral in its stance – for example, if you choose to write about the State Tax Constitutional Limitations, you should present all sides of the issue. Please cite at least 3 sources other than the textbook. Properly cite all sources used. All presentations should be completed in Powerpoint

Each project must discuss the relevant facts, the applicable law(s), a court's decision and rationale (if relevant), and the students' analysis of all parties involved. You should include a brief summary from your point of view, and, cite portions of relevant statutes, regulations or cases that support your point.

Possible Topics

Please note that you are not limited to the topics below – these are just suggestions:

A turning point for combined reporting? Maryland and other states say no for now, and the District is not so sure

Sales tax disclosure and affiliation rules complement, and may replace “Amazon rule” as means to enforce sales tax compliance

Federal legislation provides opportunities for states to decouple

Specter of economic substance and UTPs reverberate through the States

Lack of coordination between transfer pricing policies and customs reporting, VAT, etc.

States turn to economic nexus provisions with specific receipts thresholds

Inadvertent triggering of foreign income tax compliance requirements

The continuing wrangling over sourcing service revenue (recent case issues)

Sales to customers in foreign countries - registering for indirect taxes / value-added tax (VAT)

Washington revamps B&O tax on service providers

Corporate Income/Franchise Taxes

Mergers, Acquisitions and Restructuring – State Tax Planning

Fallout from *Kmart Property Services, LLC v. Department of Treasury* and implication of retroactivity issues

Business / nonbusiness income issues

SST Developments

Restrictions on State Taxation

Mergers, Acquisitions and Restructuring – International Tax Planning

Taxation of Electronic Commerce

Please confirm your topic with the instructor before proceeding.

Quinlan School of Business Policies

Attendance

Falling behind is probably the most common cause of poor performance. Therefore, students are expected to attend class and participate. Students are responsible for any assignments or requirements missed during an absence.

Make-Up Examinations

Loyola University academic policy provides that tests or examinations may be given during the semester or summer sessions as often as deemed advisable by the instructor. Because Quinlan faculty believe examinations represent a critical component of student learning, required examinations should be taken during the regularly scheduled class period. **Make-up examinations are discouraged.** Exceptions may be granted only by the faculty member or department chair, and only for unavoidable circumstances (illness verified by a signed physician's note, participation in intercollegiate athletic events, subpoenas, jury duty, military service, bereavement, or religious observance). A make-up final examination may be scheduled only with the permission of the appropriate Quinlan Assistant or Associate Dean.

If a make-up examination must be given, it is the responsibility of the faculty member to prepare, schedule, and proctor the exam. The only regular exception is for a student athlete, who may use the testing services of the Athletics Department to complete a make-up examination. For a student with a documented special testing need, please consult University policy concerning use of the testing center in Sullivan Center at Lake Shore Campus.

Academic Integrity

All members of the Quinlan School shall refrain from academic dishonesty and misconduct in all forms, including plagiarism, cheating, misrepresentation, fabrication, and falsehood...Plagiarism or cheating on the part of the student in individual or group academic work or in examination behavior will result minimally in the instructor assigning the grade of "F" for the assignment or examination. In addition, all instances of academic dishonesty must be reported to the chairperson of the department involved.

For further information about expectations for academic integrity and sanctions for violations, consult the complete Quinlan School of Business Honor Code and Statement of Academic Integrity on the Quinlan website:

<http://www.luc.edu/media/lucedu/quinlanschoolofbusiness/pdfs/Honor-Code-Quinlan-July2012.pdf>