

**TEXAS A&M UNIVERSITY**  
**Mays Business School and the George Bush School of Government and Public Service**

**MGMT 689 /BUSH 689 / IBUS 689: INTERNATIONAL TRANSFER PRICING**

*Spring 2007 Course Outline and Syllabus*

Instructor: Lorraine Eden, Professor of Management	Class Time: MW 2:20-3:35 p.m.
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Webportal: <a href="https://maysportal.tamu.edu/login/index.php">https://maysportal.tamu.edu/login/index.php</a>	Course Key: _____

### **CALENDAR DESCRIPTION**

International transfer pricing is the valuation of cross-border transactions between units of a multinational enterprise. Topics include: internal and external motivations for transfer pricing, managerial and economic approaches, estimates of transfer price manipulation, the arm's length standard, US and OECD rules and procedures, tax court cases, ethical dilemmas in transfer pricing.

### **COURSE OUTLINE**

*International transfer pricing* involves the pricing of products (that is, goods, services and intangibles) when they are traded among subunits of a multinational enterprise (MNE). For example, the pricing of goods manufactured by a parent firm that are sold to a wholly owned distributor in another country, the licensing of intangible assets to a foreign subsidiary, and the valuation of engineering services provided by one affiliate to another are all examples of international transfer pricing. In addition to internal motivations for setting transfer prices, such as efficient resource allocation and divisional autonomy, MNEs are also subject to external regulation from customs and income tax authorities, GAAP and the SEC. These government entities regulate transfer prices in order to prevent *transfer price manipulation*, that is, the over/under valuation of intragroup transactions designed to avoid or arbitrage government regulations. This graduate seminar provides a broad survey of transfer pricing, from both the MNE and government perspectives. The course draws from a variety of disciplines including accounting, economics, finance, international business, management, political economy and public policy.

### **COURSE PREREQUISITES**

The basic course prerequisite for this course is graduate standing at Texas A&M University. Students enrolled in a graduate certificate program such as the Certificate in Advanced International Affairs at the George Bush School may also take this course.

In terms of specific preparation for this course, transfer pricing can be studied from the perspectives of many different disciplines, the most common of which are economics, accounting, international business, law and public policy. Over the semester, we will cover readings on transfer pricing that draw from all these disciplines. Most students who study transfer pricing start with no background in the subject matter itself, but normally have an undergraduate degree in one of these areas and thus a foundation on which to

build a knowledge of transfer pricing. Students without a background in any of these areas should meet with the instructor prior to registering for this course.

MGMT/BUSH/IBUS 689 is a graduate-level course designed for Texas A&M students who are pursuing terminal masters degree programs such as the MBA, Masters in Finance, Masters in Management and Professional Program in Accounting (PPA) in the Mays Business School and the Masters in International Affairs (MPIA) and Masters in Public Service and Administration (MPSA) programs in the George Bush School of Government and Public Service. The course is also appropriate for PhD students in Economics, Accounting and Finance who want a professional career in transfer pricing or are interested in teaching and/or doing research in this area. The course is required for students completing a Module in Transfer Pricing in the Bush School or the Mays Business School. Many students in this course will be going on to summer internships in transfer pricing and looking for professional careers in this area after graduation from Texas A&M University.

Perhaps the most useful specific course as preparation for *International Transfer Pricing* is an undergraduate or graduate course on International Business, Multinational Enterprises or Global Strategic Management, for example, MGMT 667 *Multinational Enterprises* (cross-listed as BUSH 629 and IBUS 667). Because transfer pricing is about pricing of products traded within multinational enterprises, an understanding of multinationals and international business is helpful background. Students enrolled in the Transfer Pricing Module will normally take the *International Transfer Pricing* course either after, or in conjunction with, *BUSH 629/IBUS 667/MGMT 667 Multinational Enterprises*.

## **COURSE OBJECTIVES AND LEARNING OUTCOMES**

This course is designed to introduce students to the published research on transfer pricing in both scholarly and professional journals, and to prepare students for professional careers in transfer pricing. The course objective is to provide graduate students with an overview of the scholarly and professional literature on transfer pricing, including both classic and current materials. The intention is to go broad rather than deep; that is, to provide a broad survey of the field rather than a deep discussion of a few selected topics. By the end of the course, students should have (1) an overall knowledge of the field; (2) a practical “tool bag” to understand MNE transfer pricing strategies, government regulations, and the risks and tasks involved in mitigating and reducing the potential for MNE-government conflicts; and (3) a road map to guide their further studies.

Upon successfully completing this course, the student will be able to:

- Explain core concepts such as transfer pricing, intrafirm trade, the arm’s length standard, advance pricing agreements, section 482 and the OECD guidelines.
- Discuss the multinational enterprise’s internal and external motivations for transfer pricing.
- Discuss transfer pricing from a managerial perspective.
- Explain the economic theory behind the transfer pricing methods.
- Explain how government regulations such as taxes and tariffs affect the MNE’s choice of transfer pricing methods.
- Critique empirical work that has been done on estimating transfer price manipulation.
- Review the historical evolution of transfer pricing regulation with particular reference to North America and the OECD.
- Discuss and compare the basic transfer pricing methods for goods, services and intangibles in terms of their advantages and disadvantages, and the selection of a best method.
- Discuss the differences and similarities between the US and OECD rules on transfer pricing.

- Discuss and analyze several landmark transfer pricing court cases.
- Prepare a basic economic analysis of a transfer pricing case.
- Understand and critique the transfer pricing articles in both scholarly journals and the top transfer pricing professional journals.

## READING MATERIALS

There is one recommended (but not required) textbook:

Eden, Lorraine. 1998. *Taxing Multinationals: Transfer Pricing and the Corporate Income Taxation in North America*. Toronto, Ontario: University of Toronto Press. One copy will be placed on reserve in the West Campus Library and two copies in the Policy Sciences and Economics Library (PSEL) for students who do not want to purchase the book. Segments of the book will also be available electronically on the password-protected course webportal.

Many of the required readings for the course are electronic and will be downloadable from the password-protected course webportal. Students can read them online and/or download them to their laptop. Students are responsible for their own printing costs. The remaining readings are available from the Texas A&M Library, either the West Campus Library and/or the Policy Sciences and Economics Library. In addition, some of the books are on library reserve.

We will also be using the electronic version of *Tax Management Transfer Pricing Report (TMTPR)*. I have purchased one “electronic seat” that can be used by students in the course; the login and password will be provided to you in class and must not be shared with anyone else. The website portal is: <http://pubs.bna.com/ip/BNA/TMT.NSF/highlights/highlights?OpenDocument&login=1>.

Login \_\_\_\_\_ Password \_\_\_\_\_

We will also have a class account on WRDS (Wharton Data Research Services). Information on accessing the class account will be provided to you. This account will be used for practical demonstration of transfer pricing methods as applied to real-world firms. You may also use it for other school-related assignments; however, WRDS access cannot be used for consulting or other non-school related activities. Please do not share your account information with anyone else, as access to WRDS is strictly limited. Your WRDS access will expire on May 15, 2007. The WRDS website portal is <http://wrds.wharton.upenn.edu>.

Login \_\_\_\_\_ Password \_\_\_\_\_

Other professional transfer pricing journals that are useful reading include:

- *Tax Notes* and *Tax Notes International*, published by Tax Analysts. (On the TAMU Library page, <http://library.tamu.edu>, enter “Tax Analysts” under “e-journals”. This will bring up Lexis-Nexis and a key word search page that allows you to search several Tax Analysts publications.

## METHOD OF INSTRUCTION

We will make extensive use of the class webportal at <https://maysportal.tamu.edu>. The webportal is password protected; you must email me at [leden@tamu.edu](mailto:leden@tamu.edu) for password access. Please write the password on the top page of your Syllabus. The portal will be the primary method by which I contact you,

and I request you do the same for reaching me. For example, all required readings will be available from the portal; students will use the portal for posting their Idea Sheets; and an FAQ page will be used for answering student questions related to the course.

Note: I find Firefox (<http://www.firefox.com>) is often a much faster web browser for use with the Mays Portal than is either Netscape or Internet Explorer.

All the readings listed as “Required Readings” for each week must be read prior to the class. Please read the articles in chronological order (oldest first). I recommend reading the articles once through relatively quickly, and then going back and reading them more slowly, underlining critical parts and noting questions/comments in the margin of the text.

Students are expected to come to class fully prepared to participate in class discussions. Each class will have a short introductory lecture by the instructor, presenting an overview of the historical development of each topic. This introduction will be followed by class discussions designed to evaluate critically the readings; these discussions build on the Discussion Questions prepared by the students. When numerical problems and case studies are included in the reading materials, class time will be set aside for small-group and class discussions. The instructor will moderate these discussions.

Students are encouraged to explore transfer pricing outside of the classroom, particularly those students contemplating a professional career in transfer pricing. Some ways to do this are the following:

- Participating in the Discussion Forum (chat room) on the course web portal.
- Participating in the public (open) discussions on the Transfer Pricing Blog I have set up at <http://transfer-price.blogspot.com/>
- Attending visiting speakers’ presentations on transfer pricing topics.
- Reading *Tax Management Transfer Pricing Report*.

## PERFORMANCE EVALUATION

Texas A&M and the Mays Business School started, in Fall 2005, a long-term process of evaluating departmental programs (e.g., BBA, MBA) in terms of their success in attaining learning objectives. Learning objectives are broad, general statements of what a program intends to accomplish in terms of developing students’ learning competencies. In this course, the general learning objectives are that students should be able to:

- Communicate effectively in speaking and writing (communications)
- Critically analyze complex issues and materials (problem solving)
- Possess and demonstrate personal integrity (ethics)
- Contribute to a diverse global society (global society)
- Master a depth of knowledge in the specific discipline (subject knowledge).

The performance evaluation method has been developed around these Course Learning Objectives.

An outline of the components of performance evaluation follows.

Grade Component	Due Date	Dist	Grade
Class Participation	Every class starting with class #3	20%	
Discussion Question Sheets	Do 9 of 11 – see Timetable	35%	
Court Case Presentation (team project)	Either April 11, 16 or 19	20%	
Transfer Pricing Interview Report	April 30	20%	
Final Examination	May 8	5%	
Total		100%	

### **1. Class Participation (20%)**

Class participation is a very important component of the final grade. Good participation includes:

- Weekly class attendance.
- Regular, active oral participation in class discussions where quality is more important than quantity.
- Evidence in class discussions of having read the required readings and reflected on study questions (if provided).
- Demonstration in class discussions, and over the course of the semester, of an ability to synthesize the week's material and to link material from different weeks.
- Please note that students who monopolize class time with remarks not related to the weekly reading materials will receive oral participation grades equivalent to students with zero participation. "Hot air" will not be rewarded in this class!

In-class participation grades will be recorded as 0 (not in class), 1/2 (attended class but did not participate in oral discussion), 1 (below average oral participation), 2 (average), 2 ½ (above average) or 3 (excellent). Quality of participation is more important than quantity. Class participation will be graded weekly. In-class participation grades will be curved at the end of the semester where an average of 3 = A, 2 = B, 1 = C, 1/2 = D).

Students are expected to attend and participate in the whole class, for example, absence for half the class will count as non-attendance for that half. Starting with week 2, students may have one excused absence from class (e.g., a University approved excuse, medical excuse, job interview, etc) without penalty as long as the instructor is notified in advance by email.

### **2. Discussion Questions Sheets (35%)**

Most topics in this course have been grouped by week; that is, Monday and Wednesday constitute one week's topic. The Monday class typically introduces the subject with the Wednesday class going into more detail on sub themes. Alternatively, the Monday class may cover theory and the Wednesday class cover practice (empirical work). I want students to come to class on Monday having read the week's reading materials before class.

To accomplish this purpose, students will prepare a Discussion Question Sheet, which must be handed to the instructor at the beginning of class on Wednesday. The assignment must cover all the readings for that week (that is, for both the Monday and the Wednesday class). The task is to write one question for each of the required readings for that class; in other words, put yourself "in the instructor's shoes" and prepare a set of test questions that the class could be asked to write based on the week's reading.

Students will therefore prepare nine (9) Discussion Question Sheets over the course of the semester (that is, nine out of 10 possible sheets). If students complete more than this number, I will keep the grades for

the highest nine assignments.

The Discussion Question Sheet is to be single spaced, typed and one page in length. To make the assignment easier for use during the class and for grading purposes, please (1) number your questions, (2) list the author(s) and year, and (3) order the readings in the same order as they appear in the syllabus; that is, set your assignment up as follows:

<u>DQ Week #x</u>	<u>Topic</u>	<u>Class Date</u>	<u>Student Name</u>
1.	(Dunning, 1999) Why does Dunning.....?		
2.	(Kogut and Zander, 2001) Explain why.....		
3.	(Eden, 1998) How does Eden.....?		

Strong questions are “why” and “how” questions; avoid “what” (descriptive) questions. Good questions also link across the week’s readings, or link back to readings covered earlier in the semester. Each question can consist of one or more sentences up to a short paragraph (to keep to the one page limit).

The purpose of these idea sheets is to encourage students to come to class prepared; that is, the student must have read the assigned reading and thought deeply enough about the papers to come up with good questions. Instead of requiring writing notes and critiques commenting on each of the readings (which I have done for the past few years), by asking students instead to prepare questions on the readings, I hope to accomplish the same purpose, with less time involved.

I will use your Discussion Question Sheets to draw questions from for class discussion. Please note that the student posing the question is expected to have at least a partial answer for the question s/he asked!

Grading of the Discussion Questions will be on a 10-point scale, with the grading being based on my assessment of the thoroughness and quality of the questions asked. Late assignments will not be accepted, but students may email the assignment to the instructor ahead of the class if they expect to be late or will miss the class. The assignment is to be typed, single spaced and one page in length.

Classes when Discussion Questions are NOT due include:

- The first class.
- The Transfer Pricing Workshop.
- The classes where court case presentations are scheduled.
- The last class.

### **3. Court Case Presentations (20% - team grading)**

There are several landmark transfer pricing court cases (these are actual cases handled by the US Tax Court), and an understanding of transfer pricing issues is not complete without reading and preparing at least one court case.

We will devote three classes to student presentations and analyses of court cases. This will be a team project, with a team grade. Students will be divided into teams of three or maximum four people. The numbers and teams will be determined at the beginning of the semester, but I anticipate six teams. Each class will therefore be divided into two parts, one for each team presentation and class discussion/questions.

One court case will be assigned to each team. All reading materials will be either placed on the webportal at the beginning of the semester or distributed in class. Students may use other materials (for example,



other published analyses of the cases), but must reference them. Any materials taken directly from other individuals' writings must be quoted and fully cited (please read the rules on Scholastic Dishonesty in the Syllabus). Quotations must not be longer than three or four lines in length, and used sparingly.

Students are expected to prepare a PowerPoint presentation focusing on:

- Introduction
- Key facts and circumstances of the case (include a diagram of the intragroup relationships)
- Transfer pricing issues
- Economic analysis of the issues
- Court decision
- Conclusions

At the beginning of class, students must give the instructor a paper copy of (a) the written court case analysis and (b) the PowerPoint presentation. Both materials must also be posted on the Court Case Forum on the webportal. The grading for this assignment will be based on (1) the written materials and (2) the in-class presentation. Late assignments (either not handed in and/or not posted on the web portal) will be penalized one point per day late (e.g., from 8 out of 10 to 7 out of 10).

Students who are not involved in the actual court case presentation are expected to read and prepare the facts of the case, so that they come to class understanding the issues. The required readings for each case will be posted on the course webportal.

#### **4. Transfer Pricing Interview Assignment (20% - due date April 30, 2007)**

##### Transfer Pricing Interview Process

- Each student will interview a professional who is currently working in the transfer pricing area, at some point during the semester. That individual may be, for example, an economist working with an economic consulting group, an accountant at one of the major accounting firms, a member of a transfer pricing group within a multinational enterprise, a lawyer in a transfer pricing tax practice, or a tax auditor or a policy advisor within a national tax authority with responsibility for transfer pricing cases. There is no restriction as to nationality or location. The student may choose their own transfer pricing expert or select one from Professor Eden's Transfer Pricing Advisory Board, for example.
- The purpose of the Interview Assignment is to link the materials we have covered in class over the semester with the real-world experiences of a practicing transfer pricing expert. I see this assignment as the "sum up" of our work over the semester. Students are expected to link what they learn from the interview to the materials we have covered in class, and a key criterion for evaluating the written paper is its linkage to class materials.
- There are multiple potential benefits to students from this particular assignment. The interview provides the student with the opportunity to talk with a practicing expert, on a specified list of topics, about the transfer pricing profession, key concepts and practices, difficult issues, and emerging topics. The interview can help the student determine whether s/he is interested in a particular career. All written interviews are available to other students in the course, enabling them to learn from each other's experiences.
- I recommend that you select the transfer pricing specialist using one or more of the following criteria:
  - a. An organization where you would like to work after graduation, the leading firm in an

industry where you would like to work, or an industry you would like to know more about.

- b. someone who has published on transfer pricing in *Tax Management Transfer Pricing Report*, the *International Transfer Pricing Journal*, *Tax Notes International*, or another transfer pricing publication. The contact information for individuals publishing in these professional journals is normally included either with the article or inside the journal.
- The transfer pricing specialist must have been working in this area for at least three years, have dealt with multiple transfer pricing files, and be willing to be interviewed. Individuals who have recently retired may also be interviewed. When you contact the transfer pricing expert, please provide him or her with a copy of this assignment and ask if s/he can and is willing to answer the questions below. If s/he cannot or is not willing to do so, please find someone else. You may interview a family relative or friend if s/he meets the qualifications outlined above.
  - Students having difficulty finding a transfer pricing professional should speak to the course instructor before the end of February.
  - The interview should take one to two hours. It may be conducted in person or on the telephone. If you need to do the interview over long distance, please arrange with me to use the phone in my office for your interview (so you will not be charged for the call) or use an internet phone such as Skype.
  - Students should prepare for the interview by learning about the firm and the industry, using electronic resources from our WRDS (Wharton Data Research Services) and Tax Management Transfer Pricing accounts, and the TAMU library's electronic and print resources. I recommend also reading some of the individual's publications on transfer pricing, if available.
  - The interview should focus on the following six topics:
    1. General information about the organization where the individual works (size, nationality, activities performed, years the organization has been in operation).
    2. General information about the individual (education, experience, job characteristics, experience and responsibilities, longevity with the firm and in this position).
    3. An example of the most typical transfer pricing situation that the individual or organization handles on a regular basis, and how the individual or organization handles this typical situation/case. Please note that the names of the company(ies) involved in the situation may be disguised for confidentiality. Link this to materials covered in class.
    4. An example of the most difficult transfer pricing situation that the individual or organization has faced and how the organization/individual handled this difficult situation/case. Please note that the names of the company(ies) involved in the situation may be disguised for confidentiality. Link this to materials covered in class.
    5. What key lessons about transfer pricing has the individual learned over the course of his/her career in transfer pricing. Link this to materials covered in class.
    6. What advice or recommendations for students who want to make transfer pricing a full-time career would the individual like to share with the students in this course.



### Paper Content

- Each student will write a typed, double-spaced report, approximately 10-12 pages in length, on the interview.
- The report should follow the six topics listed above, plus a one-paragraph Introduction and one-paragraph Conclusion, as follows:
  - Introduction
  - The Firm
  - The Individual
  - The Issues
    - Handling a Typical Transfer Pricing Situation
    - Handling a Difficult Transfer Pricing Situation
    - Key Lessons about Transfer Pricing
    - Advice/Recommendations for Students
  - Conclusion

### Paper Submission

- As a courtesy, please provide a copy of your report to the interviewee for approval. The interviewee may want to check the facts in the paper before you hand it in. There may also be confidentiality issues that require the interviewee to approve the paper.
- You may want to include this assignment as part of your Writing Portfolio, which you could make available to potential employers. Therefore, it is important that the report be free of grammatical and spelling errors, and that you have the permission of your interviewee to include the report in your portfolio.
- Save your report as a PDF file and load it onto the course webportal in the “Transfer Pricing Executive Interviews Forum” on or before **Monday, April 30, 2007**.
- One printed copy must be provided to the instructor, in class, on **Monday, April 30, 2007**.

### Grading

- I am particularly interested to see the transfer pricing individual’s responses to questions 3 through 5 above. This is the “heart” of your paper and will be so graded.
- A key criterion in my evaluation of your report will be your ability to link the report to materials we have covered in class during the semester; for example, you can cite either insights from the readings that apply to situations covered by the report or cite articles that discuss topics covered in the report.
- Late assignments (either not handed in and/or not posted on the web portal) will be penalized one point per day late (e.g., from 8 out of 10 to 7 out of 10 on a 10-point scale).

### **5. Final Examination (5% - May 8, 2007)**

The Mays Business School requires all graduate courses to have a final examination held on the University assigned examination date/time. For our class, this is **Tuesday May 8, 3:30-5:30 pm**. The

exam will be in our regular classroom.

The final examination will consist of short presentations by each student based on their transfer pricing interview papers. Start with a very brief introduction of the firm and individual. Focus on the sections of the paper dealing with the four issues. Please prepare a **one-page handout** summarizing your presentation, and bring sufficient copies for everyone with you to the final exam. The grade on the final examination will be based on the handout and the student's oral presentation and participation.

## **WRITING STYLE**

Note that all written work in this course will be graded, not only for content, but also for *grammar, writing style, organization and presentation of material*. The mark for poorly written work with frequent misspellings and grammatical errors will be reduced by one complete grade (from B+ to B, for example). Please follow the Bush School's Style Sheet when preparing written assignments.

It is strongly recommended that the student use the Spell Check and Grammatical programs in your word processing package to ensure that your papers are free of stylistic problems. Students who need extra help should consider purchasing an editing software program such as Stylewriter (<http://www.stylewriter-usa.com>)

Students should also ask Mrs. Sally Wade, the Bush School's writing counselor, to assist with preparing assignments. This is particularly true for the Interview Project.

## **THE AGGIE CODE OF HONOR AND SCHOLASTIC DISHONESTY**

### **Aggie Code of Honor**

For many years, Aggies have followed a Code of Honor, which is stated in this very simple verse: "Aggies do not lie, cheat, or steal, nor do they tolerate those who do." The Aggie Code of Honor is an effort to unify the aims of all Texas A&M men and women toward a high code of ethics and personal dignity. For most, living under this code will be no problem, as it asks nothing of a person that is beyond reason. It only calls for honesty and integrity, characteristics that Aggies have always exemplified. The Aggie Code of Honor functions as a symbol to all Aggies, promoting understanding and loyalty to truth and confidence in each other. Commission of any of the following acts shall be considered as a violation of the Aggie Code of Honor and evidence of scholastic dishonesty. This listing is not exclusive of any other acts that may reasonably be said to constitute scholastic dishonesty:

- **Acquiring Information:** Acquiring answers for any assigned work or examination from any unauthorized source. Working with another person or persons on any assignment or examination, when not specifically permitted by the instructor. Observing the work of other students during any examination.
- **Providing Information:** Providing answers for any assigned work or examination when not specifically authorized to do so. Informing any person or persons of the contents of any examination before the time the examination is given.
- **Plagiarism:** Failing to credit sources used in a work product in an attempt to pass off the work as one's own. Attempting to receive credit for work performed by another, including papers obtained in whole or in part from individuals or other sources. You are committing plagiarism if you copy the work of

another person and turn it in as your own, even if you have the permission of the person. Plagiarism is one of the worst academic sins, for the plagiarist destroys the trust among colleagues without which research cannot be safely communicated.

- Conspiracy: Agreeing with one or more persons to commit any act of scholastic dishonesty.
- Fabrication of Information: The falsification of the results obtained from a research or laboratory experiment. The written or oral presentation of results of research or laboratory experiments without the research or laboratory experiment having been performed.
- Violation of Departmental or College Rules: Violation of any announced departmental or college rule relating to academic matters, including but not limited to abuse or misuse of computer access or information.

The full consequences of scholastic dishonesty will be pursued consistent with University policy. Students who commit academic dishonesty (e.g., plagiarism) should expect, as a minimum punishment, to receive a zero grade on that piece of work. If you have any questions, please discuss this with your course instructor and consult the latest issue of the Texas A&M University Student Rules, under the section "Scholastic Dishonesty" available at <http://student-rules.tamu.edu/>.

### **College/Departmental Requirements**

- The Bush School requires that all written work for Bush School courses now be turned in to <http://www.turnitin.com> to be checked for plagiarism. More information is available from the Bush School.
- The Bush School now requires that all suspected violations of the Aggie Honor Code must be submitted to the University Honor Council, and penalties are determined by the Council, not the instructor. See <http://www.tamu.edu/aggiehonor/know.html>.
- On course work, assignments, and examinations at Texas A&M University, you will be asked to sign the following Honor Pledge: "On my honor, as an Aggie, I have neither given nor received unauthorized aid on this academic work."
- You must complete assignments and exams alone unless they are explicitly listed as team projects. You may use only the materials we specify to help you complete your work. If, due to a disability or extraordinary circumstances, you need special accommodations or help in completing course requirements, you must see the instructor BEFORE the exam or assignment due date. See Academic Rules, Section 20, at <http://student-rules.tamu.edu/rule20.htm> for more details.
- It is also not acceptable to submit as your own work a paper (or part of a paper) that was completed for another course since this would in effect be 'double counting' (i.e., receiving credit twice for the same piece of work). This activity is called complementarity. If you wish to incorporate research you completed for another course into a paper for this course, the paper must be fully cited and the instructor's permission requested in advance. If complementarity occurs in this course, the piece of work will receive a zero grade.

## MAKE-UP POLICY

Students are expected to attend all classes and complete all assignments. If an absence is excused, the student will be allowed to make up work within 30 calendar days from the last day of the absence. To be excused the student must notify his or her instructor in writing (acknowledged e-mail message is acceptable) prior to the date of absence, and provide appropriate documentation for the absence. In cases where advance notification is not feasible (e.g. accident or emergency) the student must provide notification by the end of the second working day after the absence, including an explanation of why notice could not be sent prior to the class. The reasons absences are considered excused by the university are listed below. See Student Rule 7 for details (<http://student-rules.tamu.edu/rule7.htm>). The fact that these are university-excused absences does not relieve the student of responsibility for prior notification and documentation. Failure to notify and/or document properly may result in an unexcused absence. Falsification of documentation is a violation of the Honor Code.

- Participation in an activity that is required for a class and appears on the university authorized activity list.
- Death or major illness in a student's immediate family.
- Illness of a dependent family member.
- Participation in legal proceedings or administrative procedures that require a student's presence.
- Religious holy day.
- Illness that is too severe or contagious for the student to attend class.
  - Injury or illness of three or more class days -- student will provide a medical confirmation note from his or her medical provider within one week of the last date of the absence (see section 7.1.6.1)
  - Injury or illness of less than three class days – student will provide the following within one week of the last date of the absence: (i.) Texas A&M University Explanatory Statement for Absence from Class form available at <http://shs.tamu.edu/forms.htm>, or (ii.) Confirmation of visit to a health care professional affirming date and time of visit
- Required participation in military duties.
- Other absences may be excused at the discretion of the instructor with prior notification and proper documentation.

## IMPORTANT UNIVERSITY DATES – SPRING 2007

(see updates at [http://www.tamu.edu/admissions/records/academic\\_calendar.html](http://www.tamu.edu/admissions/records/academic_calendar.html))

January 12 Friday, 5 p.m. Last day to register for spring semester classes and pay fees.  
January 15 Monday. Martin Luther King, Jr. Day. Faculty and Staff holiday.  
January 16 Tuesday. First day of spring semester classes.  
January 22 Monday, 5 p.m. Last day for adding/dropping courses for the spring semester.  
January 26 Friday, 5 p.m. Last day to apply for all degrees to be awarded in May.  
March 5 Monday, noon. Mid-semester grades due in Office of the Registrar.  
March 12-16 Monday-Friday. Spring break.  
March 14-16 Wednesday-Friday. Faculty and Staff holiday.  
April 2 Monday, 5 p.m.

- Last day for all students to drop courses with no penalty (Q-drop).
- Last day to change Kinesiology 198/199 grade type.
- Last day to officially withdraw from the University.

  
April 6 Friday. Reading day, no classes.

April 12-27 Thursday-Friday. Preregistration for the 2007 first term, second term, 10-week summer semester and fall semester.

April 21 Saturday. Muster. Campus ceremony.

April 30 Monday. Dead day, classes meet but no major exams.

May 1 Tuesday.

- Last day of spring semester classes.
- Redefined day, students attend their Friday classes.
- Dead day, classes meet but no major exams.

May 2-3 Wednesday-Thursday. Reading days, no classes.

May 4, 7-9 Friday, Monday-Wednesday. Spring semester final examinations for all students.

May 11 Friday, 5 p.m. Last day for May undergraduate degree candidates to apply for Tuition Rebate.

May 11-12 Friday-Saturday. Commencement, Commissioning, and Final Review.

May 14 Monday, noon. Final grades for all students due in Office of the Registrar.

## **COPYRIGHT ISSUES**

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## **ADA POLICY STATEMENT**

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation and have not yet registered with the Department of Student Life, Service for Students with Disabilities, please contact them immediately. Their office is Room 126 Koldus Building; telephone number is 845-1637. Please inform me also as soon as possible in the semester. I am not qualified to assess disabilities, and so will not be able to help you in establishing a need for accommodation. No adjustments will be made to grades based on disability.

## **SYLLABUS AND SCHEDULE CHANGES**

The course syllabus and/or timetable may be amended or changed as the semester progresses at the instructor’s discretion. It is the student’s responsibility to stay informed about class schedules and policies. The information you need is in this Syllabus. In addition, announcements will be made regularly in class and posted on the web portal. If you are unclear about any policies or other information with respect to the course, please ask or email me at [leden@tamu.edu](mailto:leden@tamu.edu) for more information.

**MGMT/BUSH/IBUS 689 COURSE TIMETABLE SPRING 2007**  
(may be subject to change)

Date	Day	No	Topic
Jan 15	Wed		Introduction (class cancelled due to winter storm)
Jan 22	Mon	1	Introduction
Jan 24	Wed	2	Multinationals and Intrafirm Trade
Jan 29	Mon	3	Managerial Approaches I: Strategic Transfer Pricing
Jan 31	Wed	4	Managerial Approaches II: Internal Motivations for Transfer Pricing
Feb 5	Mon	5	Economic Approaches I: The Microeconomics of Transfer Pricing
Feb 7	Wed	6	Economic Approaches II: Empirical Tests of Transfer Price Manipulation
Feb 12	Mon	7	Taxing Multinationals I: The International Tax Regime
Feb 14	Wed	8	Taxing Multinationals II: The International Tax Transfer Pricing Regime
Feb 19	Mon	9	The Arm's Length Standard I: Overview
Feb 21	Wed	10	The Arm's Length Standard II: An Economic Perspective
Feb 26	Mon	11	Transfer Pricing Rules for Goods I: CUP
Feb 28	Wed	12	Transfer Pricing Rules for Goods II: Gross Margin Methods – Resale Price & Cost Plus
Mar 5	Mon	13	Transfer Pricing Rules for Goods III: Profit-Based Methods
Mar 7	Wed	14	Transfer Pricing Rules for Goods III: Profit-Based Methods (cont'd)
Mar 12	Mon		March Break Week – no class
Mar 14	Wed		March Break Week – no class
Mar 19	Mon	15	Transfer Pricing Rules for Intangibles I: Royalty Payments
Mar 21	Wed	16	Transfer Pricing Rules for Intangibles II: Cost Sharing Arrangements
Mar 26	Mon	17	Transfer Pricing Rules for Intragroup Services
Mar 28	Wed	18	Transfer Pricing Procedures – Avoiding & Resolving Transfer Pricing Disputes
Apr 2	Mon	19	Establishing a Transfer Pricing Policy
Apr 4	Wed	20	Transfer Pricing Workshop
Apr 9	Mon	21	Worldwide Trends in Transfer Pricing Regulation
Apr 11	Wed	22	US Transfer Pricing Court Cases I: US Steel v. Commissioner (1977 & 1980) (student presentations)
Apr 16	Mon	23	US Transfer Pricing Court Cases II: Hospital Corp of America v. Commissioner (1983)



Date	Day	No	Topic
			(student presentations)
Apr 18	Wed	24	US Transfer Pricing Court Cases III: Bausch & Lomb v. Commissioner (1989) (student presentations)
Apr 23	Mon	25	Special Topics I: Tax Havens
Apr 25	Wed	26	Special Topics II: The Ethics of Transfer Pricing
Apr 30	Mon	27	Class Wrap-up and Look Ahead – What’s Next? Posting of Interviews (with one printed copy to the instructor)
May 8	Tue		Final Examination – 3:30-5:30 p.m.

## CORE TRANSFER PRICING BOOKS AND DOCUMENTS

### Useful US Government, OECD & UNCTAD Documents

IBFD. Tax Glossary – Transfer Pricing Terms.

IRS. 1994. IRS Regulations Section 482. Sections 1.482-1.482-8.

IRS. 1994. IRS Regulations Section 482. Preamble to 1994 Final Transfer Pricing Regulations.

IRS. 1999. Excerpts from Internal Revenue Manual International Audit Guidelines Handbook Sections Addressing Development of Section 482 Cases. Chapter 3: Development of IRC 482 Cases.

IRS. 2002. Updated IRS APA Training Materials. Tax Management Transfer Pricing Report, 11.11 (October 2), 1-56.

IRS. 2006. Revenue Procedure. Internal Revenue Code Section 482: Allocation of income and deductions among taxpayers. 30p.

IRS. 2007. Treatment of services under section 482: allocation of income and deductions from intangibles: Stewardship Expense. Final and temporary regulations.

OECD. 1979. Transfer pricing and multinational enterprises: report of the OECD Committee on Fiscal Affairs. OECD: Paris.

OECD. 1984. Transfer pricing and multinational enterprises: three taxation issues. OECD Committee on Fiscal Affairs. OECD: Paris.

OECD. 1993. Tax aspects of transfer pricing within multinational enterprises : the United States proposed regulations : a report by the Committee on Fiscal Affairs on the proposed regulations under IRC Section 482. OECD: Paris.

OECD. 1994. Transfer pricing guidelines for multinational enterprises and tax administrations: report of the OECD Committee on Fiscal Affairs. OECD: Paris.

OECD. 1995. 1996. 2001. Transfer pricing guidelines for multinational enterprises and tax administrations. OECD: Paris.

US Department of the Treasury. 1988. A study of intercompany pricing under section 482 of the Code (1988 White Paper).

US Department of the Treasury. 2003. Current Trends in the Administration of International Transfer Pricing by the Internal Revenue Service. September.

UNCTAD. 1978. Dominant positions of market power of transnational corporations use of the transfer pricing mechanism. UNCTAD Secretariat: Geneva.

UNCTAD. 1999. Transfer Pricing. UNCTAD Series on Issues in International Investment Agreements. UNCTAD: Geneva.

### **Scholarly Books**

Abdallah, Wagdy M. 1989. International Transfer Pricing Policies: Decision-Making Guidelines for Multinational Companies. Westport, Connecticut: Quorum Books.

Abdallah, Wagdy M. 2004. Critical Concerns in Transfer Pricing and Practice. Praeger.

Arpan, Jeffrey S. International Intracorporate Pricing: Non-American Systems and Views. Praeger Special Studies in International Economics and Development. New York, Washington and London: Praeger Publishers.

Benke, Ralph L. and James Don Edwards. 1980. Transfer Pricing, Techniques and Uses. New York: National Association of Accountants.

Boos, Monica. 2003. International Transfer Pricing: The Valuation of Intangible Assets. Amsterdam: Kluwer Law International.

Cole, Robert T. (ed). 2000. Practical Guide to US Transfer Pricing. Tax Analysts: Arlington, VA.

Cole, Robert T. (ed). 2000. Transfer Pricing Rules and Methods for Intangible Property. Arlington.

Cole, Robert T. (ed). 2006. Practical Guide to US Transfer Pricing. Tax Analysts: Arlington, VA.

Coopers & Lybrand. International Transfer Pricing. 1993. Bicester, UK: CCH Editions Limited.

Cravens, Karen Sue. 1982. Comparative investigation of transfer pricing practices in an international environment.

Eccles, Robert G. 1985. Transfer pricing problem: a theory for practice. Lexington Books.

Eden, Lorraine. 1998. Taxing Multinationals: Transfer Pricing and the Corporate Income Taxation in North America. Toronto, Ontario: University of Toronto.

Elliot, J. and Clive Emmanuel. 2000. International Transfer Pricing: A Study of Cross-Border Transactions. Clima Publishers.

Emmanuel, Clive and Messaoud Mehafdi. 1994. Transfer Pricing. The Advanced Management Accounting and Finance Series. London and San Diego: Academic Press, Harcourt Brace & Company Publishers.

Feinschreiber, Robert (ed). 1993. Transfer Pricing Handbook. New York: John Wiley & Sons Inc.

Feinschreiber, Robert (ed). 1999. Transfer Pricing Handbook, Second Edition. 1999 Cumulative Supplement Two. New York: John Wiley & Sons Inc.

Feinschreiber, Robert (ed). 2000. Transfer Pricing International: A Country-By-Country Guide (Illustrated). New York: John Wiley & Sons Inc.

Feinschreiber, Robert (ed). 2001. Transfer Pricing Handbook, Third Edition. New York: John Wiley & Sons Inc. ISBN: [0471406619](#). Hardback.

Feinschreiber, Robert (ed). 2002. Transfer Pricing Handbook: Transfer Pricing International 2002 Supplement. New York: John Wiley & Sons Inc.

Feinschreiber, Robert (ed). 2004. Transfer Pricing Methods: An Applications Guide. New York: John Wiley & Sons Inc.

Jovanovich, Juan Martin. 2002. Customs Valuation and Transfer Pricing is It Possible to Harmonize Customs and Tax Rules? Kluwer Law International.

King, Elizabeth. 1994. Transfer Pricing and Valuation in Corporate Taxation: Federal Legislation vs. Administrative Practice. Kluwer Academic Publishers: Boston, Dordrecht and London.

Kuan, Judy S. (ed). 2005. Global Transfer Pricing Solutions: 2005. Worldtrade Executive Inc Annual update.

Levey, Marc M. and Steven C. Wrappe. 2001. Transfer Pricing: Rules, Compliance and Controversy. CCH: Chicago, Illinois.

Li, Jian and Alan Paisey. 2005. International Transfer Pricing: Perspectives on Trade between Australia, New Zealand and China. Palgrave Macmillan.

Lowell, Cym H., Marianne Burge and Peter Briger. 1998. U.S. International Transfer Pricing, 2nd Edition. Warren, Gorham & Lamont.

Markham, Michelle. 2005. Transfer Pricing of Intangibles. Kluwer Law International.

Mathewson, G. Frank and G. D. Quirin. 1979. Fiscal transfer pricing in multinational corporations. Ontario Economic Council Research Studies. Toronto: Ontario Economic Council.

Murray, Robin, ed. 1981. Multinationals Beyond the Market: Intra-firm Trade and the Control of Transfer Pricing. New York and London: John Wiley and Sons.

National Industrial Conference Board. 1967. Interdivisional transfer pricing; a research report from the Conference Board.

Nieckels, Lars. 1976. Transfer Pricing in Multinational Firms: A Heuristic Programming Approach and a Case Study. John Wiley & Sons, Halstead Press.

Pagan, Jill C. and J. Scott Wilkie. 1993. Transfer Pricing Strategy in a Global Economy. Amsterdam: IBFD Publications.

Plasschaert, Sylvain (ed.) 1993. Transnational Corporations, Transfer Pricing, and Taxation. UN Library on TNCs. London and New York: Routledge.

Plasschaert, Sylvain R.F. 1979. Transfer pricing and multinational corporations: an overview of concepts, mechanisms, and regulations. New York: Praeger Publishers.

- Rugman, Alan M. and Lorraine Eden (eds). 1985. Multinationals and Transfer Pricing. London and New York: Croom Helm and St. Martins Press.
- Shulman, James S. Transfer Pricing in Multinational Business. Soldiers Field Press, MA.
- Tang, Roger Y.W. 1979. Transfer pricing practices in the United States and Japan. Westport, Connecticut: Praeger Publishers.
- Tang, Roger Y.W. 1981. Multinational Transfer Pricing: Canadian and British Perspectives. Toronto: Butterworths.
- Tang, Roger Y.W. 1993. Transfer pricing in the 1990s: tax and management perspectives. Greenwood Publishing Group.
- Tang, Roger Y.W. 1997. Intrafirm trade and global transfer pricing regulations. Westport, Connecticut: Quorum Books.
- Tang, Roger Y.W. 2002. Current Trends and Corporate Cases in Transfer Pricing. Westport, Connecticut: Quorum Books.
- Thomas, Arthur Lawrence. 1980. Behavioural analysis of joint-cost allocation and transfer pricing. Stipes Publishing Company.
- Vaitsos, C.V. 1974. Intercountry Income Distribution and Transnational Enterprises. Oxford: Clarendon Press.
- Vincent, François. 2002. Transfer Pricing in Canada: A Legal Perspective. Toronto: Carswell.
- Wright, Deloris R. 1993. Understanding the New U.S. Transfer Pricing Rules. Chicago.
- Wündisch, Karl H. 2003. International Transfer Pricing in the Ethical Pharmaceutical Industry, 2nd Edition. Amsterdam: International Bureau of Fiscal Documentation.
- Young, Alexander. 1979. Pricing Decisions: Practical Guide to Interdivisional Pricing Policy. Management for the Board Series. Random House Business Books.
- Yunker, Penelope J. 1982. Transfer pricing and performance evaluation in multinational corporations: a survey study.

## INSTRUCTOR'S NOTES ON THE READINGS

1. How to Handle the Readings. Each class typically includes two-four journal articles and/or book chapters, representing about 100 pages a week. I recommend that you prepare for each class's readings as follows.
  - Download the readings from the web portal to your hard drive and print one copy for your personal use.
  - All readings are listed in the order in which I recommend they be read. For most but not all weeks, this is chronological order (oldest first).
  - Quickly read the week's readings -- at one sitting -- to get an overview of the topic.
  - Next, read the articles more slowly, underlining key sections and writing brief notes in the margins.
  - Then, at one sitting, read quickly through the complete set again, and prepare your Idea Sheet.
  - Bring the readings with you to class along with two copies of your Idea Sheet, one for the instructor and one for yourself. (Laptops are not permissible in class.)
2. How to Analyze an Article. When you read an article or book chapter, look for and think about the following items. I recommend you flag/highlight these in the text of the article and jot notes about them in the paper's margins.
  - MOTIVATION: The key issue that motivated the paper (why the author(s) wrote the paper)
  - RQ: the research question or questions being addressed
  - APPROACH: the theoretical approach or approaches lying behind the paper
  - ARGUMENT: the core argument(s)
  - HYPOTHESES: the hypotheses or propositions (if any)
  - METHODS: types of empirical methods used (if any), e.g., case studies, regression analysis.
  - RESULTS: the paper's conclusions.
3. How to Evaluate What You Read. Once you have read and digested an article, then you are ready to analyze it. Ask yourself the following questions about each reading (Note – these are NOT acceptable questions for the Discussion Question Assignments):
  - LIKE: What did you like/dislike about the paper and why?
  - AGREE: Did you agree/disagree with the paper's argument and conclusions?
  - FIT: How does the paper fit into the literature we have read already, or that you know from other courses you have taken?
  - FIX: How could the paper have been improved or extended?
  - IMPLICATIONS: What are the paper's public policy and managerial implications?
  - TAKEAWAY: What did you "takeaway" from the paper (that is, what will stick with you? If you think about the paper six months from now, what will you remember)?



## INTERNATIONAL TRANSFER PRICING REQUIRED READING LIST, SPRING 2007

### CLASS 2: WEDNESDAY, JAN 24, 2007 MULTINATIONALS AND INTRAFIRM TRADE

*In class today, we will start with a group discussion of the Hofert case distributed in class on Monday. We will then discuss the main trends in the UNCTAD 1999 report on transfer pricing. Don't worry about the details as we will come back to these later in the course; just go for the broad trends. I have added a US and two OECD statistical summaries about the size and pattern of intrafirm trade (a.k.a. related party trade). Have a look at the patterns - I think you will find them surprising.*

*Lastly, for those who are really interested in studying intrafirm trade, the classic article is Zeile (1997) on US IFT patterns. (There is also an unpublished update (2003) on the Internet if you want to Google it.) I think everyone should at least skim the Zeile piece so that when transfer pricing professionals mention it, you will be familiar with the article. Enjoy! LE*

UNCTAD. 1999. Transfer Pricing. New York and Geneva: United Nations.

Eden, Lorraine. 2005. Searching for a CUP: the Christmas tree case.

USDC. 2006. U.S. Goods Trade: imports & exports by related parties. U.S. Census Bureau News, Washington, D.C.

OECD. 2002. OECD Economic Outlook 71, Chapter VI: Intra-industry and intra-firm trade and the internationalisation of production. pp. 159-170.

OECD. 2003. STI Scoreboard, C.2.3: Intra-firm trade in total trade. pp. 108-109.

\*\*\*\*Zeile, William J. 1997. U.S. Intrafirm trade in goods. Survey of Current Business February, 23-38. (*Optional reading*).

### CLASS 3- MONDAY JAN 29, 2007 MANAGERIAL APPROACHES #1 STRATEGIC TRANSFER PRICING

*The readings I have picked for today's class focus on the tension between internal management goals for transfer pricing and external pressures from tax authorities. How do firms handle the dual pressures - internal and external - when setting transfer prices?*

Cravens, K. S. (1997) Examining the Role of Transfer Pricing as a Strategy for Multinational Firms, International Business Review, 6 (2), 127± 45.

Elliott, Jamie, and Clive Emmanuel. 2000. International Transfer Pricing: searching for patterns. European Management Journal, 18.2, 216-222.

Cools, Martine. 2003. Increased transfer pricing regulations: what about the managerial role of transfer pricing? International Transfer Pricing Journal, July/August, 134-140.

\*\*\*\*Eden, Lorraine. 1998. Taxing Multinationals: Transfer Pricing and Corporate Income Taxation in North America. Chapter 3: The multinational enterprise as an integrated business. 125-173. Toronto: University of Toronto Press. (*Background reading*).

**CLASS 4: WEDNESDAY JANUARY 31, 2007  
MANAGERIAL APPROACHES #2  
INTERNAL MOTIVATIONS FOR TRANSFER PRICING**

*This set of readings builds on each other so read them chronologically please, and look for the linkages between the readings. The Eccles HBR article is very well known, and sets up the problem nicely. The Spicer article develops the theory, and it is tested in Colbert & Spicer. The Ghosh article adds a new wrinkle - complementarity. The underlying framework is transaction cost economics (TCE). I attach a background reading on TCE, for those who are interested.*

Eccles, R. G. 1983. Control with fairness in transfer pricing. Harvard Business Review, November-December: 149-161.

Spicer, B. H. 1988. Towards an organizational theory of the transfer pricing process. Accounting, Organizations and Society: 302-322.

Colbert, Gary J. and Barry H. Spicer. 1995. A Multi-case Investigation of a Theory of the Transfer Pricing Process", Accounting, Organizations and Society, 20.6: 423-456.

Ghosh, Dipankar. 2000. Complementary arrangements of organizational factors and outcomes of negotiated transfer price. Accounting, Organizations and Society, 25, 661-682.

\*\*\*\*Eden, Lorraine. 2001. Transactions Cost Economics. Notes prepared for Hoskisson-Eden-Lau-Wright AMJ 2001. (*Background reading only*).

**CLASS 5: MONDAY, FEBRUARY 5, 2007  
ECONOMIC APPROACHES #1: THE MICROECONOMICS OF TRANSFER PRICING**

*This week's readings focus on economic approaches to transfer pricing. On Monday, we look at Hirshleifer's two articles on this topic. I am mostly interested in your understanding his analysis and conclusions, not his graphs. For my own reading on the microeconomics of transfer pricing, however, we will work through the graphs in class so please come prepared.*

Hirshleifer, Jack. 1956. "On the Economics of Transfer Pricing." Journal of Business, 29: 172-83.

Hirshleifer, Jack. 1957. "Economics of the Divisionalized Firm." Journal of Business, 30: 96-

Eden, Lorraine. 2002. Microeconomic models of the MNE. Class notes. Fall 2002.

**CLASS 6: WEDNESDAY, FEBRUARY 7, 2007  
ECONOMIC APPROACHES #2:  
EMPIRICAL TESTS OF TRANSFER PRICE MANIPULATION**

*In this class, we will look at empirical work that has been done by economists estimating the size of transfer price manipulation (TPM) in response to external pressures such as corporate income taxes, tariffs and foreign exchange controls. Start with the first half of Ch 7 in my **Taxing Multinationals** book, summarizing empirical work on TPM. Then scan the Bernard & Genest-Laplante article, which was not included in my chapter, estimating TPM in the Canadian oil industry at the firm level. This is a highly sophisticated approach to estimating TPM. Lastly, I have added two paired articles estimating TPM in China, which I suspect you will find very interesting, one estimating the extent of TPM and the second on the pressure to choose cost vs. market based prices. Again, look at the methods used to test TPM. Note that as an optional reading (purely for interest) I have posted a summary from **Tax Management Transfer Pricing Report**, of the work on transfer price manipulation by Pak & Zdanowicz at FIU. You'll see from my chapter that I am quite critical of their work, but their analyses have received much public attention. Do NOT include a study question on this optional reading.*

Eden, Lorraine. 1998. Taxing Multinationals: Transfer Pricing and Corporate Income Taxation in North America. Chapter 7: Taxing multinationals in practice. 324-322. Toronto: University of Toronto Press.

Bernard, Jean-Thomas and Eric Genest-Laplante. 1996. Transfer pricing by the Canadian oil industry: a company analysis. Applied Economics Letters, 3, 333-340.

Chan, K. Hung and Lynne Chow. 1997. International Transfer Pricing for Business Operations in China: Inducements, Regulation and Practice. Journal of Business Finance and Accounting, 24(9, 10): 1269-89.

Chan, K. Hung and Agnes W.Y. Lo. 2004. The influence of management perception of environmental variables on the choice of international transfer-pricing methods. The International Journal of Accounting, 39, 93-110.

\*\*\*Pak, Simon. J and John S. Zdanowicz. 1998. Tax Management Transfer Pricing Report, 8.3, 87-90. (Optional reading).

**CLASS 7: MONDAY, FEBRUARY 12, 2007  
TAXING MULTINATIONALS #1: THE INTERNATIONAL TAX REGIME**

*In this class, we focus on the basic principles, norms, rules and procedures of international taxation that underpin national corporate income tax systems. First, read Ch 2 from my **Taxing Multinationals***

*book. Focus on the components of the international tax regime. Then, read my MGMT 450 lecture notes on international taxation. Do NOT prepare a discussion question for my lecture notes. Lastly, I have included UNCTAD's little monograph on international taxation, from the same series as the Transfer Pricing one we read earlier in the course.*

Eden, Lorraine. 1998. Taxing Multinationals: Transfer Pricing and Corporate Income Taxation in North America. Chapter 2: The International Tax Transfer Pricing Regime. Toronto: University of Toronto Press. *(Read to page 103 only)*

Eden, Lorraine. 2005. The Economics of International Business Chapter 18: International Taxation. Lecture notes.

UNCTAD. 2000. Taxation. New York and Geneva: United Nations.

**CLASS 8: WEDNESDAY, FEBRUARY 14, 2007  
TAXING MULTINATIONALS #2:  
THE INTERNATIONAL TAX TRANSFER PRICING REGIME**

*This class focuses on the historical development of the arm's length standard within OECD countries. Start with Picciotto and then Hamaekers, both writing at the OECD level. Then turn to Eden, Dacin & Wan on diffusion of the arm's length standard within North America. I include also a few pages from Eden (1998) Ch 2, summarizing the transfer pricing rules in the three countries as background. You do NOT need to write a discussion question for the pages from Eden (1998).*

*Note that I have also posted Langbein's 1986 classic article, critiquing the historical development of the arm's length standard and arguing in favor of unitary taxation (formula apportionment). Langbein's piece is very hard to find so we are fortunate to have access to it. However, given its length (77 pages!), I have opted to read Picciotto's parallel piece instead, and include Langbein's here as OPTIONAL reading for those who want a deeper understanding of the development of US & OECD tax transfer pricing policy.*

Picciotto, Sol. 1992. International taxation and intrafirm pricing in transnational corporate groups. Accounting, Organizations and Society 17.8, 759-792.

Hamaekers, Hubert. 2001. Arm's Length – How Long? International Transfer Pricing Journal, March/April: 30-40.

Eden, Lorraine. 1998. Taxing Multinationals: Transfer Pricing and Corporate Income Taxation in North America. Ch. 2: The international tax pricing Regime. Toronto: University of Toronto Press. *(Read pp. 103-116 only).*

Eden, Lorraine, Tina Dacin and William Wan. 2001. Standards Across Borders: Diffusion of the Arm's Length Standard in North America. Accounting, Organizations and Society 26: 1-23.

\*\*\*Langbein, Stanley. 1986. "The Unitary Method and the Myth of Arm's Length." Tax Notes: Tax Analysts Special Report, February 17: 625-81. *(Optional Reading).*

**CLASS 9: MONDAY, FEBRUARY 19, 2007**  
**THE ARM'S LENGTH STANDARD #1: OVERVIEW**

*This class is the first of several where we get into the "nitty gritty" of the OECD transfer pricing guidelines and the US Internal Revenue Code Section 482 transfer pricing regulations. Here we do the "broad sweep" - the introductory chapter to each set of regulations/guidelines. Please look for commonalities and differences between the two readings. Start with Cole's chapter, which provides a nice overview and explanation, and then read the originals.*

OECD. 1996. OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. Report of the OECD Committee on Fiscal Affairs, pp. 155 - 188.

IRS Regulations Section 482. Section 1.482-1 Allocation of Income and Deductions among Taxpayers. (pages 4-34 only).

Cole, Robert T. 2000. Chapter 2: Framework for U.S transfer pricing analysis under regulations Section 1.482-1. Practical Guide to U.S. Transfer Pricing, Arlington, VA: Tax Analysts, 2.1-2.16.

**CLASS 10: WEDNESDAY, FEBRUARY 21, 2007**  
**THE ARM'S LENGTH STANDARD #2: AN ECONOMIC PERSPECTIVE**

*Today we are reading my all-time favorite transfer pricing article - Berry, Bradford & Hines (1992). Charles Berry developed the 1968 US transfer pricing methods (CUP, resale price, cost plus). The economics underlying the methods is clearly developed in this article. We will also read my notes (abstracted from Eden's Taxing Multinationals) on the basic methods.*

*I have also uploaded Chandler & Plotkin (1993), another really great piece on the economics of the US transfer pricing regulations. However, given its length and detail, this article is NOT required reading. I would rather you develop a thorough understanding of Berry, Bradford & Hines (1992) and then read Chandler & Plotkin (1993) as we work through the different transfer pricing methods. To round out the reading, someone who is very interested in this topic should also read the US Treasury's 1988 White Paper, posted in box 2 above.*

Eden, Lorraine. 2003. Notes on the Simple Analytics of Transfer Pricing Methods.

Berry, Charles, David Bradford and James Hines. 1992. Arm's Length Pricing: Some Economic Perspectives. Tax Notes, February 10: 731-40.

\*\*\*\*Chandler, Clark and Irving Plotkin. 1993. Economic Issues in Intercompany Transfer Pricing. Tax Management Transfer Pricing Special Report. 2 (12), October 20: 1-57. (Optional reading).

**CLASS 11: MONDAY, FEBRUARY 26, 2007**  
**TRANSFER PRICING RULES FOR GOODS #1: CUP**

*We start with the "first best" transfer pricing method - the comparable uncontrolled price (CUP), probably both the easiest and the hardest method to apply.....It is also called a "product comparable".*

OECD. 1996. OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. Chapter 2: Traditional Transaction Methods. Report of the OECD Committee on Fiscal Affairs, pp. 155 - 188. (*Read CUP only*).

IRS Regulations Section 482. Section 1.482-0. (*Read CUP section only, pp. 51-53*).

Eden, Lorraine. 1998. Taxing Multinationals: Transfer Pricing and Corporate Income Taxation in North America. Chapter 5: "The Simple Analytics of Transfer Pricing", Toronto: University of Toronto Press. (*To the end of 227 only*).

Hannes, Steven P. 2005. Chapter 5: Comparable Uncontrolled Price Method. Practical Guide to U.S. Transfer Pricing, Robert T. Cole. Arlington, VA: Tax Analysts.

**CLASS 12: WEDNESDAY, FEBRUARY 28, 2007**  
**TRANSFER PRICING RULES FOR GOODS #2:**  
**GROSS MARGIN METHODS – RESALE PRICE & COST PLUS**

*We move next to the paired gross margin methods (GMM) - resale price (RP) and cost plus (C<sup>+</sup>) - also known as "functional comparables". CUP + RP + C<sup>+</sup>, as a group, are called the "transactional" methods.*

OECD. 1996. OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. Chapter 2: Traditional Transaction Methods. Report of the OECD Committee on Fiscal Affairs, pp. 155 - 188. (*Read RP & C<sup>+</sup> only*).

Eden, Lorraine. 1998. Taxing Multinationals: Transfer Pricing and Corporate Income Taxation in North America. Chapter 5: "The Simple Analytics of Transfer Pricing" Toronto: University of Toronto Press. (*pp. 227-254 ONLY*).

IRS Regulations Section 482. Section 1.482-3. (*Read resale price method and cost plus method sections only, pp. 53-59*).

Cole, Robert T. and Henry J. Birnkrant. 2005. Chapter 6: Resale Price Method. Practical Guide to U.S. Transfer Pricing, Robert T. Cole. Arlington, VA: Tax Analysts.

Aud, Ernest F. 2005. Chapter 7: Cost-Plus Method and Location Savings. Practical Guide to U.S. Transfer Pricing, Robert T. Cole. Arlington, VA: Tax Analysts.



**CLASS 13 & 14: MONDAY, MARCH 5, 2007 & WEDNESDAY, MARCH 7, 2007  
TRANSFER PRICING RULES FOR GOODS #3: PROFIT-BASED METHODS**

*The comparable profits method (CPM) became a legally acceptable transfer pricing method in the 1994 US transfer pricing regulations. The transactional net margin method (TNMM) is its "European cousin", developed in the 1995 OECD transfer pricing guidelines. Profit splits are a third alternative. We will discuss similarities and differences. All three methods are known as "profit comparables". We will start with CPM and TNMM on Monday and finish with Profit Splits on Wednesday.*

OECD. 1996. OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. Chapter 3: Other methods. Report of the OECD Committee on Fiscal Affairs. (*Read Trans Profit Methods only*).

IRS Regulations Section 482. Section 1.482-5. (*Read pp. 72-79 only*).

Culbertson, Robert E. 1995. A Rose by Any Other Name: Smelling the Flowers at the OECD's Last Resort, Tax Notes, September 11, 68, 1335.

Horst, Thomas. 1993. The Comparable Profit Method, Tax Notes, May 31, 59, 1253.

Wright, Deloris R. 2000. Practical application of transactional profit methods. International Transfer Pricing Journal, September/October, 199-203.

Hamaekers, Hubert. 2003. The comparable profits method and the arm's length principle. International Transfer Pricing Journal, May/June, 90-93.

Casley, Andrew and Artemis Kritikides. 2003. Transactional net margin method, comparable profits method and the arm's length principle. International Transfer Pricing Journal, September/October, 162-169.

Higinbotham, Harlow N. 2005. Chapter 10: Profit Split Methods. Practical Guide to U.S. Transfer Pricing, Robert T. Cole. Arlington, VA: Tax Analysts.

**CLASS 15: MONDAY, MARCH 19, 2007  
TRANSFER PRICING RULES FOR INTANGIBLES #1: ROYALTY PAYMENTS**

*No class on March 12 or 14 - it's March Break Week!*

*Pricing intrafirm transactions in intangible assets is typically more difficult than pricing tangibles. We discuss why and evaluate methods for determining an arm's length royalty payment.*

OECD. 1996. OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. Report of the OECD Committee on Fiscal Affairs. Chapter 6: Intangibles.

IRS Regulations Section 482. Section 1.482-4. (Read pp. 61-71 only).

Eden, Lorraine. 1998. Taxing Multinationals: Transfer Pricing and Corporate Income Taxation in North America. Chapter 5: “The Simple Analytics of Transfer Pricing” Toronto: University of Toronto Press. (pp. 254-270 ONLY).

Ossi, Gregory J. 1999. The Significance of intangible property rights in transfer pricing. Tax Notes International, September 13, p. 993.

Mogle, James R. 2005. Chapter 8: Transfer Pricing Rules and Methods for Intangible Property. Practical Guide to U.S. Transfer Pricing, Robert T. Cole. Arlington, VA: Tax Analysts.

**CLASS 16: WEDNESDAY, MARCH 21, 2007**  
**TRANSFER PRICING RULES FOR INTANGIBLES #2: COST SHARING ARRANGEMENTS**

*The growth in high-tech strategic alliances since the late 1980s has been matched by a similar growth in cost sharing arrangements (CSAs). CSAs are designed to allocate costs and rewards among the alliance members. They serve as an alternative to royalty payments. We explore why CSAs have been growing so rapidly and the transfer pricing implications.*

IRS Regulations Section 482. Section 1.482-7. (Read pp. 84-98 only, “Sharing of Costs”).

Pugh, Richard Crawford. 2005. Chapter 13: International cost-sharing arrangements. Practical Guide to U.S. Transfer Pricing, Robert T. Cole. Arlington, VA: Tax Analysts.

Reams, Keith, Alan Shapiro, Jon Hakken, Ahmad Keshk, and Mark Klitgaard. 2005. Proposed U.S. Cost-Sharing Regulations: Are They a Realistic Alternative? Tax Notes International, October.

**CLASS 17: MONDAY MARCH 26, 2007**  
**TRANSFER PRICING RULES FOR INTRAGROUP SERVICES**

*Perhaps the hottest issue in US transfer pricing policy right now is the change in regulations for intragroup services. With the globalization of service activities, the old transfer pricing rules for business services had become quite out of date. Start with the OECD Guidelines. Follow it with Saperstein. Both of these were written before the US services regulations were in draft form. Then read my piece on the proposed new regulations in the context of outsourcing of teleservices. Lastly, I have included the proposed services regulations. They should become final regulations most likely later this year.*

OECD. 1996. OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. Chapter 7: Intra-Group Services. Report of the OECD Committee on Fiscal Affairs.

IRS. 2007. Treatment of services under section 482: Allocation of income and deductions from intangibles: Stewardship Expense. Final and temporary regulations.

Eden, Lorraine. 2005. Went for cost, priced at cost? An economic approach to the transfer pricing of offshored business services. Transnational Corporations, 14.2 (August): 1-52. (Also available as a *Special Report* in Tax Management Transfer Pricing Report, February 1, 2006.)

Allen, Steve, Rahul Tomar and Deloris R Wright. Sec. 482 Services Regulations: Implications for Multinationals. International Transfer Pricing Journal, 13.6 (November/December).

**CLASS 18: WEDNESDAY, MARCH 28, 2007**  
**TRANSFER PRICING PROCEDURES: AVOIDING & RESOLVING TP DISPUTES**

*This class looks at transfer pricing procedures for avoiding and solving transfer pricing disputes. We focus in particular on APAs (ex ante) and penalties (ex post).*

Eden, Lorraine. 1998. Taxing Multinationals: Transfer Pricing and Corporate Income Taxation in North America. Chapter 9: “The U.S. Tax Transfer Pricing Regulations Part II: Procedures” Toronto: University of Toronto Press.

OECD. 1996. OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. Chapter 4: Administrative Approaches, pp. 155 - 188.

IRS. 2006. Announcement and Report Concerning Advance Pricing Agreements. March.

**CLASS 19: MONDAY, APRIL 2, 2007**  
**ESTABLISHING A TRANSFER PRICING POLICY**

*Multinational enterprises must develop a transfer pricing policy/strategy that satisfies both internal goals (profit maximization, managerial performance) and external constraints (income tax regulations, customs valuations). In this class, we explore how MNEs can use functional analysis and the best method rule to develop a transfer pricing policy. What I have done is to gather together in this box the publications that I believe to be most helpful in preparing a transfer pricing study. You obviously cannot read all of these for this week, certainly not in the level of detail that they demand, but I do want you to skim these readings and file them away. Make note of the methods they propose so you can go back to them later when you need them. In class, we will focus on three topics: (1) functional analysis, (2) the best method rule and (3) comparability.*

Feinschreiber, Robert. 2004. Transfer Pricing Methods, An Applications Guide. Ch 1, “Practical Aspects of Transfer Pricing”, and Ch. 2, “Business Facets of Transfer Pricing”, pp. 13-39.

Guerard, Laurent P. 2000. Chapter 12: Choosing the Best Pricing Method. Practical Guide to U.S. Transfer Pricing, Robert T. Cole. Arlington, VA: Tax Analysts.

Howard, Erica, Mohamed Serokh, Chris Abbis, Gianni de Robertis, and Stephen Morse. 2005. Value Chain Analysis: Is this now the only way to manage effective tax rate? Managing Intellectual Property. Website.

Boone, Patrick. 2006. A Practical Guide to Building a Transfer Pricing Defense. Transfer Pricing Report, 14.18, Special Report No. 49.

PricewaterhouseCoopers LLP. 2006. Chapter 4: Establishing a transfer pricing policy. International Transfer Pricing 2006. December.

\*\*\*\*Pacific Association of Tax Administrators. 2003. Transfer Pricing Document Package. 7 p. (optional reading)

\*\*\*\*IRS. 2003. APA Study Guide. (optional reading)

<p style="text-align: center;"><b>CLASS 20: WEDNESDAY, APRIL 4, 2007</b> <b>TRANSFER PRICING WORKSHOP</b></p>
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*Today's class will be a problem-solving workshop. The class will be divided into teams of three. Each team will be given one or more transfer pricing problems to solve (i.e. select the best method and solve for the transfer price). Teams will report and we will discuss the results. One or more transfer pricing problems may be distributed in advance of the class. The materials posted here include examples of transfer pricing studies, transfer pricing software programs, and transfer pricing databases. These are background reading materials. Do NOT prepare study questions on these materials.*

Jankowski, Donald J. and Mary M. Margiotta. 2000. Chapter 4: Finding and selecting comparables. Practical Guide to U.S. Transfer Pricing, Robert T. Cole. Arlington, VA: Tax Analysts.

Eden, Lorraine and Rebecca A. Smith. 2001. Not at arm's length: a guide to transfer pricing resources. Journal of Business & Finance Librarianship, 6.4, 3-22.

Cools, Martine. 1999. International commercial databases for transfer pricing studies. IBFD, September/October, 167-182.

Deloitte & Touche. 2000. Sample Transfer Pricing Study.

\*\*\*\*Standard & Poor. Reports in the Transfer Pricing Folder. Standard & Poor's Research Insight Report Chart Library. 16 p. (optional reading)

\*\*\*\*\*Willamette Management Associates. PowerPoint presentation on "Valuation of Intellectual Property." Appendix. (optional reading)

**CLASS 21: MONDAY, APRIL 9, 2007**  
**WORLDWIDE TRENDS IN TRANSFER PRICING REGULAION**

*In today's class, we examine changing trends in national regulation of transfer pricing. The first two readings are the most recent E&Y biennial surveys of MNE managers, asking about their perceptions of tax transfer pricing. (I have all of the E&Y surveys in PDF format if you are interested; the first was 1995. You can also find them from the E&Y tax library weblink in box 2 above.) The first half of each reading discusses general findings; the second half goes country by country. The readings after the first two E&Y articles all tabulate transfer pricing regulations at the country level.*

*What I would like you to do is (a) read the general findings in the first two E&Y surveys. (b) Then, pick a country you are interested in and read about that country in the other papers. Much of the information will be repetitive as you go from paper to paper, but by the end, you should have a good sense of that particular country's current transfer pricing regulations.*

*Discussion Question Sheet: For this week, I would like to do something a bit different. I would like you to pick a country, collate the information on that country's transfer pricing policy from these readings, and summarize it. Bring to class a one-page summary of that country's regulations, with 20 copies so that everyone can have a copy. (You can print them ahead of time in my department if you give me sufficient warning.) This will be your Discussion Question Sheet for this week. We will also discuss the different summaries in class, looking for overlaps and trends.*

Ernst & Young. 2003. Transfer Pricing 2003 Global Survey. Practices, perceptions and trends in 22 countries plus tax authority approaches in 44 countries.

Ernst & Young. 2005. Transfer Pricing 2003 Global Survey. Global transfer pricing trends, practices, and analysis. November 2005.

IBFD. 2005. Analysis and comparison of national tax systems and OECD guidelines.

Deloitte. 2006. Strategy Mix for Global Transfer Pricing. Planning for Methods, Documentation, Penalties and other issues. June.

Ernst & Young. 2006. Transfer Pricing Global Reference Guide. October 2006.

Ernst & Young. 2006. Global Transfer Pricing Survey: Tax Authorities Interviews. September.

PricewaterhouseCoopers LLP. 2006. International Transfer Pricing 2006. December.

**CLASS 22: WEDNESDAY, APRIL 11, 2007**  
**US TRANSFER PRICING COURT CASES #1: STUDENT PRESENTATIONS**

*Case Reports are due in class for teams presenting today!*

*Two teams of students (three on each team) will argue this case; one team representing the MNE and one team representing the Government. The rest of the class will listen, ask questions and vote for the best argument. The winning team receives a prize (to be determined).*

*United States Steel Corporation v. Commissioner of Internal Revenue. 5786-72. United States Tax Court May, 11, 1977*

**CLASS 23: MONDAY, APRIL 16, 2007**  
**US TRANSFER PRICING COURT CASES #2: STUDENT PRESENTATIONS**

*Case Reports are due in class for teams presenting today!*

*Two teams of students (three on each team) will argue this case; one team representing the MNE and one team representing the Government. The rest of the class will listen, ask questions and vote for the best argument. The winning team receives a prize (to be determined).*

*Hospital Corporation of America v. Commissioner of Internal Revenue. 12988-78, 13183-78. United States Tax Court. September 21 1983.*

**CLASS 24: WEDNESDAY, APRIL 18, 2007**  
**US TRANSFER PRICING COURT CASES #3: STUDENT PRESENTATIONS**

*Case Reports are due in class for teams presenting today!*

*Two teams of students (three on each team) will argue this case; one team representing the MNE and one team representing the Government. The rest of the class will listen, ask questions and vote for the best argument. The winning team receives a prize (to be determined).*

*Bausch & Lomb v. Commissioner of Internal Revenue. 3394-86. United States Tax Court. March 23, 1989.*

**CLASS 25: MONDAY, APRIL 23, 2007**  
**SPECIAL TOPICS #1: TAX HAVENS**

*Transfer price manipulation (TPM) and income tax avoidance are overlapping topics, but conceptually distinct. TPM can occur for many reasons in addition to arbitraging income tax differentials, and income tax avoidance mechanisms need not involve TPM. However, the two topics do overlap, particularly in the context of tax havens, where the tax gap between home and host countries is often so large as to induce significant amounts of TPM. This class, we look at three readings on tax havens, income tax avoidance and TPM. Read Palan's history of tax havens first to understand the mixed messages of "offshore". Then turn to Eden & Kudrle on tax havens as "renegade states" (?) in the international tax regime. Lastly, McLure discusses the implications of tax havens for TPM, and recommends several policy changes to protect the "revenue net".*

Palan, Ronen. 1998. Trying to have your cake and eating it: how and why the state system has created offshore. International Studies Quarterly, 42, 625-644.

Eden, Lorraine and Robert T. Kudrle. 2005. Tax Havens: Renegade States in the International Tax Regime? Law & Policy, 27.1 (January), 100-127.

McLure, Charles E. 2004. Transfer Pricing and Tax Havens: Mending the LDC Revenue Net. International Studies Program Public Finance Conference: The Challenges of Tax Reform in a Global Economy.

**CLASS 26: WEDNESDAY, APRIL 25, 2007**  
**SPECIAL TOPICS #2: THE ETHICS OF TRANSFER PRICING**

*The last topic in our course deals with ethical issues related to transfer pricing. We have focused on economic, accounting, managerial and legal approaches to transfer pricing. Before you complete the course, I want you to also think about the ethical dilemmas. There is very little written on this subject. In fact, what you have here is the four articles I was able to find after hours of search. They are uneven, but I think will stimulate a good deal of discussion in class. The fourth one (Budd & Tyrall) is an optional reading only, as my copy is unpublished.*

Hansen, Don R., Rick L. Crosser and Doug Laufer. 1992. Moral Ethics v. Tax Ethics: The Case of Transfer Pricing Among Multinational Corporations. Journal of Business Ethics, 11 (September): 679-686.

Mehafdi, Messaoud. 2000. The ethics of international transfer pricing. Journal of Business Ethics 28:365-381.

Dembinski, Paul H. 2006. Ethical aspects of Transfer Pricing. Finance and the Common Good/Bien Commun, 24 (Spring/Summer), 78-89.

\*\*\*Budd, Leslie and David Tyrall. 2005. The regulation of international transfer pricing: a theological critique. Unpublished manuscript. (*Optional reading*).



**CLASS 27: APRIL 20, 2007**  
**SPECIAL TOPICS #3: CLASS WRAP-UP..... AND WHERE TO NEXT?**

*Transfer Pricing Interview Reports due in class and must be posted on the course web portal no later than today!*

*We complete our study of transfer pricing with two chapters from my Taxing Multinationals (1998) book, looking at new directions in the international tax transfer pricing regime - principles, norms, rules and procedures. We also read an unpublished book chapter on multinationals, international taxation and transfer pricing by Dunning & Lundan. A sum up and a look ahead!*

Eden, Lorraine. 1998. Taxing Multinationals: Transfer Pricing and Corporate Income Taxation in North America. Chapter 12: "Reforming the international tax transfer pricing regime: Part I: Principles and Norms" Toronto: University of Toronto Press.

Eden, Lorraine. 1998. Taxing Multinationals: Transfer Pricing and Corporate Income Taxation in North America. Chapter 13: "Reforming the tax transfer pricing regime: Part II: Rules and Procedures" Toronto: University of Toronto Press.

Dunning, John H. and Sarianna M. Lundan. 2007. Multinational Enterprises and the Global Economy (2<sup>nd</sup> Edition). Chapter 16: Linkages, Spillovers and Clustering. Edward Elgar. Forthcoming.