References

References for Gio Wiederhold:
Valuing Intellectual Capital, Multinationals and Taxhavens
Springer Verlag 2012

HMAT Citations
This list includes all the references cited. For general information, I chose a recent publication, trusting that it will be easier to locate and cite earlier work. As is common in tax matters, opinions abound. Refereed material is italicized. A secondary list, available on the web, provides further references.

References marked with a † (are (currently) not cited and should be culled. Shaded text to be omitted in publication.


[Albinus:12] Phil Albinus: Fleeing Dodd-Frank, Hedge Funds Follow the Sun; Advanced Trading, 5 Jan 2012. Taxhavens protect bonuses. See [Kahn:12]. As of early November, the number of funds located in Malta had grown to more than 500 with 8 billion euros ($10.7 billion) under management from 165 funds with less than 5 billion euros under management in 2006, according to the Malta Financial Services Authority, or MFSA.

[AlcockBG:09] Alistair Alcock, John Bird, and Steve Gale: Alcock, Bird and Gale on the Companies Act 2006; Jordans, 2009. s.172 CA 2006, “to promote the success of the company for the benefit of its members as a whole”. It sets out six factors to which a director must have regard in fulfilling the duty to promote success. These are: 1. the likely consequences of any decision in the long term, 2. the interests of the company’s employees, 3. the need to foster the company’s business relationships with suppliers, customers and others, 4. the impact of the company’s operations on the community and the environment, 5. the desirability of the company maintaining a reputation for high standards of business conduct, and, 6. the need to act fairly as between members of a company. This represents a considerable departure from the traditional notion that directors’ duties are owed only to the company.

[Alderman:10] Liz Alderman: “In Ireland, Low Corporate Taxes Go Untouched”; The New York Times, 25 Nov 2010. “The corporate tax is one of the pillars of Ireland’s economy, because it drives exports and jobs, and creates tax revenues for the government”; said Paul Duffy, a vice president at Pfizer in Ireland, one of the biggest multinational employers here. Raising the tax could scare away companies and “would damage a recovery and our ability to repay the massive debts we’ve taken on”; he said. / Critics, however, say that in addition to siphoning business from countries with higher corporate tax rates, some multinationals operating under Ireland’s tax rules use complicated schemes to move profits in and out of subsidiaries there. In some cases, that allows them to lower their effective tax rate, they say. / That has opened Ireland to criticism from
countries like Germany, where Chancellor Angela Merkel must justify why taxpayers should help pay for another bailout package. The argument is that Ireland could be collecting more money from the companies it has lured. Tax rates have become a contentious issue in Europe, where governments are competing as never before to lure badly needed foreign investments as the economic crisis weighs on growth.


[Amadi:02] Confidence W. Amadi: Double Taxation of Dividends: A Clarification <http://www.westga.edu/~bquest/2002/double.htm> “The greatest advantage of the corporate form of business organization is the limited liability protection accorded its owners. Taxation of corporate income is the price of that protection. This price must be worth the benefits since, according to the Internal Revenue Service (1996), corporations account for less than 20 percent of all U.S. business firms, but about 90 percent of U.S. business revenues and approximately 70 percent of U.S. business profits. The benefits of limited liability independent of those enjoyed by shareholders, the flexibility of change in ownership, and the immense ability to raise capital are all derived from the legal entity status accorded corporations by the law. This equal status requires that corporations pay income taxes..... The greatest advantage of the corporate form of business organization is the limited liability protection accorded its owners. Taxation of corporate income is the price of that protection. This price must be worth the benefits since, according to the Internal Revenue Service (1996), corporations account for less than 20 percent of all U.S. business firms, but about 90 percent of U.S. business revenues and approximately 70 percent of U.S. business profits. The benefits of limited liability independent of those enjoyed by shareholders, the flexibility of change in ownership, and the immense ability to raise capital are all derived from the legal entity status accorded corporations by the law. This equal status requires that corporations pay income taxes.


Starting 1999 to 2006 US company with a Possessions corporation transfer assets as a non-taxable contribution (sect.351) or non-taxable reorganization (sect.361) to a CFH in Bermuda or so. The Puerto Rico operation becomes a subsidiary of the CFH. “A taxpayer may claim that transfers from the § 936 corporation include a significant amount of value in the form of workforce-in-place and that such workforce-in-place is not taxable. Workforce-in-place is properly treated as an intangible under § 936(h)(3)(B), and is therefore taxable under § 367(d). Some taxpayers have argued that the workforce-in-place is a part of going concern value that transfers tax free to the foreign corporation. However, to the extent that workforce-in-place can be identified and valued as a distinct asset, workforce-in-place should not be viewed as part of foreign goodwill or going concern value.”


Mukul G Asher: Needed, a more comprehensive approach to tax havens; Daily News & Analysis (DNA), 9 May 2009. <complete reference from vaishab>

Mukul G Asher: Needed, a more comprehensive approach to tax havens; Daily News & Analysis (DNA), 9 May 2009. <complete reference from vaishab>

Ireland increases withholding tax exemption”; International Tax Review, 01 Nov. 2010.


U.S. Corporate Tax Reform: Groupthink or Rational Debate?; The Information Technology & Innovation Foundation, Washington DC (ITIF) report, July 2011, <http://www2.itif.org/files/2011-chap 6 on tax reform>. Starting 1999 to 2006 US company with a Possessions corporation transfer assets as a non-taxable contribution (sect.351) or non-taxable reorganization (sect.361) to a CFH in Bermuda or so. The Puerto Rico operation becomes a subsidiary of the CFH. “A taxpayer may claim that transfers from the § 936 corporation include a significant amount of value in the form of workforce-in-place and that such workforce-in-place is not taxable. Workforce-in-place is properly treated as an intangible under § 936(h)(3)(B), and is therefore taxable under § 367(d). Some taxpayers have argued that the workforce-in-place is a part of going concern value that transfers tax free to the foreign corporation. However, to the extent that workforce-in-place can be identified and valued as a distinct asset, workforce-in-place should not be viewed as part of foreign goodwill or going concern value.”

International Tax System on Sovereign wealth funds

Different sizes of corporations, shareholders, and timing.


[Bartlett:12B] Bruce Bartlett: The Benefit and the Burden, Tax Reform, Why We Need It and What It Will Take; Simon and Schuster, 2012. Have. Excellent, covers all aspects of taxation and the imbalances created. But this three page proposal at the end has no numbers, exactly what he criticizes others about.


By comparison, the IRS conducted just 28,349 examinations of individuals who earned more than $200,000; last year, there were around 1.3 million of those types of examinations. Still, roughly 90 percent of the 1.4 million IRS audits conducted in 2009 involved persons earning under $200,000. By comparison, the IRS conducted just 28,349 examinations of individuals who earned more than $1 million. The bulk of the agency’s audit resources are allocated to its Small Business/Self Employment division. 15000B for self-employed schedule C filers.

Blessing:09 Peter H. Blessing: testimony, Hearing on Banking Secrecy Practices and Wealthy American Taxpayers; The Subcommittee on Select Revenue Measures of the House. Committee on Ways and Means, 111th Cong, 2, 2009 http://waysandmeans.house.gov/media/pdf/111/pbless.pdf (Partner, Shearman & Sterling “It never will be possible to eliminate criminal or fraudulent behavior in respect of financial accounts, even such behavior on a very large scale.”).


Bohr:18 Niels Bohr: "It's hard to make predictions, especially about the future"; quoting a Danish expression in 1918. <for bohr date check in Teaching and Learning Elementary Social Studies (1970) by Arthur K. Ellis>


BoortzL:06 Neil Boortz and John Linder: The Fair Tax book; 2006. States that 23% tax rate on all new goods and services is revenue neutral. No corporate tax. IRS abolished, turn over tax collection to be administered by states. Minus a prebate mailed monthly. Per [Bartlett:11] a it is a flat like tax at 30% and rebates to individuals. Diatribe. Have.


Alex Brill: A Pro-Growth, Progressive, and Practical Proposal to Cut Business Tax Rates; Tax Policy Outlook, no.1, American Enterprise Institute, Jan 2012. Advocates gradually lowering Copr income tax to 25% - gets rid of domestic preference, . Disallow 10% of C-copps interest deductibility. Make 50% depreciation permanent, gradually limit benefit for home mortgage deduction; remove state and local tax deduction. Repeal AMT.


Frances Cairncross: The Death of Distance; Orion, 1997. Have.


Matthew Campbell and Zijing Wu: “Why Europe’s Tech Firms Love New York”; Bloomberg Businessweek, 9 April 2012. Information on market to book ratio and IPO’s. 3.7 for MSCI index IT companies.


Stephen Castle: Europeans Introduce Corporate Tax Plan; The New York Times, 10 March 2011. Tension beween Ireland and the EU n 12.5% taxralte Ch.8.
Have, diatribe. $300B more outsourcing is possible for service jobs per McKinsey.


CCH Editorial Staff: *Internal Revenue Code*; 2 volumes, CCH Wolters Kluwer, Winter 2009. The material is also available on-line at the IRS web site and at [LLI:92]

CCH Editorial Staff: *Income Tax Regulations, including proposed regulations*; 7 volumes, CCH Wolters Kluwer, Winter 2010. The material is also available on-line at the IRS web site and at [LLI:92]


Patricia Chaback: Industry Directive #1 on Research and Experimentation (R&E) Credit Claims; IRS, 4 April 2007. IRS-RE07


John Chambers: U.S. Jobs, innovation, Growth and Investment; Cisco Blog, 5 November 2010. 1 Trillion $ offshore. Lobbies for repatriation. Why Safra Catz of Oracle. It costs the U.S.D. taxpayer nothing. Earlier: : “most people forget that in a high-tech acquisition, you really are acquiring only people".

O. Donaldson Chapoton and Lawrence B. Gibbs: *A Study of Intercompany Pricing*; Claitor’s publishing; Discussion Draft, U.S. Treasury Department, 18 Oct.1988. Also referred to as the 1988 White Paper. page 121. Cost sharing was originally viewed as a way to allocate intangible income among related parties without requiring the complex determination of intercompany royalty rates. See also preamble to the 1995 cost sharing regulations. page10: thousands of different transactions. IRS p.14 Acces to pricing information p15: acess to foriegb accounts $982 for summons, p.21 Transfer of know how as services. p.54 Section 367. P.74 Safe Harbor p.109 Risk, History of Cost Sharing On PC Kindle as studyofIntercomp00unit.azw. Ordered. Foreign source R&D


[Churchill:27] Winston Churchill: “Tax Avoidance”; *Hansard of the House of Commons*; Vol.205, 11 April 1927, pp.85-87. “it is clearly the business of the Government to watch for loopholes, and to propose remedial measures from time to time”; “it is our duty to close these loopholes as far as possible before they are so widely resorted to as to injure the revenue”;


This paper considers the tax policy consequences of both real and financial types of international tax avoidance, focusing on U.S. multinational firms over the period 1982-2004. First, income shifting is examined by estimating the relationship between U.S. affiliate profit rates and foreign country tax rates. Second, the effects of taxes on multinational firms’ real operations across countries are considered. Estimates of both financial and real responsiveness to tax rate differences among countries are used to calculate how profits would differ from their current levels absent tax incentives, and thus how U.S. government revenues are affected. Finally, several policy alternatives are discussed, including formulary apportionment.


Hillary Clinton: Remarks preceding President Hu’s State visit to the U.S.; U.S. Department of State, 14 Jan. 2011.


Lauren Collins: “House Perfect, is the IKEA concept comfy or creepy?”; The New Yorker magazine, 3 Oct. 2011. Includes IKEA’s tax avoidance.

Julie H. Collins and Douglas B. Shackelford: Corporate Domicile and Average Effective Tax Rates; in [Slemrod:99]. Canada, Japan, UK, US. Does not consider Tax havens


have $1.375 trillion in cash sitting overseas. This tax savings, combined with ever-tightening U.S. regulation in the United States, offers a case study on how globalization increasingly allows companies to avoid taxes and regulation in the United States.

Holding foreign assets is, however, taxable in the State which pays these salaries. Salaries of officials and public employees who are serving abroad shall, however, be taxable in the State in which the real centre of management of the undertaking is situated. The real centres of management, affiliated companies, branches, factories, agencies, warehouses, offices, depots, shall be regarded as permanent establishments. Should the undertaking possess permanent establishments in both Contracting States, each of the two States shall tax the portion of the income produced in its territory. That fact that an undertaking has business dealings with a foreign country through a bona fide agent of independent status (broker, commission agent, etc.), shall not be held to mean that the undertaking in question has a permanent establishment in that country. Should the undertaking possess permanent establishments in both Contracting States, each of the two States shall tax the portion of the income produced in its territory. Salaries, wages or other remuneration of any kind shall be taxable in the State in which the recipients carry on their employment. Salaries of officials and public employees who are serving abroad shall, however, be taxable in the State which pays these salaries.

The successful public offering of Michael Kors Holdings offers a case study on how globalization increasingly allows companies to avoid taxes and regulation in the United States. JPMorgan Chase estimates that American multinationals have $1.375 trillion in cash sitting overseas.


The successful public offering of Michael Kors Holdings offers a case study on how globalization increasingly allows companies to avoid taxes and regulation in the United States. JPMorgan Chase estimates that American multinationals have $1.375 trillion in cash sitting overseas.

©Gio Wiederhold


[DevereuxK:03] Michael Devereux, Rachel Griffiths, and Alexander Klemm: Can international tax Competition explain Corporate Income Tax reforms?; Compute effective tax rates (EMTR) as tax paid over earnings. Still based on reported taxable earnings.

[DevereuxH:03] Michael P. Devereux and R. Glenn Hubbard: "Taxing Multinationals"; *International Tax and Public Finance*, Springer, vol. 10 no.4, Aug.2003, pp.469-487. Formal model shows that worldwide taxation is not optimal even with credits and deductions if foreign taxes are high, but not if low, as in taxhaven. Deferral is limited and is at full rate.


[Doebele04] Justin Doebele: “Flex Forward: Flextronics’ Michael Marks says that outsourcing can only get much, much bigger”; Chief Executive, 1 July 2004.


[DowdMM:12] Tim Dowd, Robert McClelland, and Athiphat Muthacharoen: New Evidence on the Tax Elasticity of Capital Gains; Joint Committee on Taxation. June 2012, JCX 56-12, 49pp. pass through capital gains are highly sensitive to persistent tax changes, not mutal funds


Corporate R&D spending increased by $2 for every $1 of tax credit. Excludes work done outside the US governmental sponsored research, and social sciences research.


Royalty versus Lump sum. In this section, we observe that when the taxpayer elects to have the sub make a sequence of royalty payments, the taxpayer has an incentive to overstate its projections of the sub.s post buy-in sales. In contrast, when the taxpayer elects to have the sub make a lump-sum payment, we observe that the taxpayer has an incentive to underestimate the sub.s post buy-in sales.


EEEEEEEE


[Economist:12A] Economist: “Over-regulated America, The home of laissez-faire is being suffocated by excessive and badly written regulation”; The Economist, 18 Feb 2012. The focus here is on the Dodd-Frank bill derived regulations, but has broad applicability.


[FASB:85] Financial Accounting Standards Board: Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed - FAS 86; 1985. The capitalization of external use software development costs is required once functionality is demonstrated. Customer maintenance and support costs for computer software should be expensed when related revenue is recognized or when those costs are incurred, whichever occurs first, <but not as R&D-gio>


From the citizens’ point of view, the function of tax legislation is to decide who shall pay how much to finance government spending. But from Congress’s point of view, tax legislation has an additional and very important function: It is a way to raise campaign funds. Why is it that hardly a year passes without a new tax bill? The reason is that so long as a tax bill is under consideration, with many billions of dollars at stake, lobbyists are actively pressing for the introduction or retention of special provisions to benefit their clients. And so long as lobbyists are active, thousand-dollar-a-plate dinners and similar devices will tap them for campaign funds. That is why members of Congress put such a high value on being assigned to the Ways and Means or Finance committees. And that is also why Congress has denied the citizenry the benefit of a <stable> tax system, changed only at long intervals, to which individuals and enterprises could adjust, rather than having to cope with continual and complex changes year after year.
allowing it to focus on high-transaction.

The IRS expects that these efforts will improve international tax compliance by allowing it to focus on high-risk issues and cases with greater consistency and efficiency.


[George:11] J. Russell George: Management and Performance Challenges Facing the Internal Revenue Service for Fiscal 2012; Inspector General for Tax Administration, TIGTA, 14 Oct.2011. Tax law changes, specially from the affordable Health care Act (HHS), includes tax credits. Earned Income Tax Credit EITC payment, Additional Child Tax Credit, Hope Scholarship credit (dep.education) , Refundable adption credits, Electric vehicle credit (transporation). Hombuyer credit. Globalization Holdings have grown from $188B to in 1976 to 14.5T in 2007. Lack of information. Dealing with differing jurisdicutions. Focus on-highrisk cases. FATCA, Significant foreign opposition to FATCA. Solution is to withhold 30% of apymnts to foreign finacoal institution - but does not address IP.. Effort needed to implement changes. Hunman capital “attempts by taxpayers and tax practitioners to evade compliance with the tax laws become more sophisticated.” Globalization US businesses from 368B (1996)to nearly 15T (2007) “The IRS is still challenged by a lack of information reporting on many cross-border transactions. In addition, the varying legal requirements imposed by different jurisdictions result in complex business structures that make it difficult to determine the full scope and effect of cross-border transactions..”, “The IRS expects that these efforts will improve international tax compliance by allowing it to focus on high-risk issues and cases with greater consistency and efficiency.”,
“Taxpayers with undisclosed foreign accounts and assets who do not submit a voluntary disclosure run the risk of detection by the IRS. If caught, these taxpayers face the imposition of substantial penalties, including the fraud and foreign information return penalties, as well as an increased risk of criminal prosecution.”

“According to the IRS Commissioner, “FATCA is an important development in U.S. efforts to combat offshore noncompliance. At the same time, the IRS recognizes that implementing FATCA is a major undertaking for financial institutions.”

Based on the initial feedback from foreign financial institutions as well as foreign governments, the IRS will continue to face significant opposition from abroad in implementation of this Act.”


[Gigot:12] Paul Gigot?: Obama’s Dividend Assault; WSJ editorial, 22 Feb.2012. Diatribe. Bad arithmetic. At 20% actual the shareholder receives 80%, and at 39.6% pays a total 48.3% + 3.8%healthcare =52%, much but not 64% now 32%. Increase is x 1.63, much, but not 3 x as claimed. Interesting graph

[Gladstone:1898] William Gladstone: Notes from a Diary; Sir Mountstuart Elphinstone Grant Duff, 1851-1901 (1898), p. 140: To be engaged in opposing wrong affords but a slender guarantee of being right.


[Gleckman:02B] Howard Gleckman: Sealing off the Bermuda Triangle?; Business Week, 1 July 2002. Corporate Tax Shelters Includes example of Inversion by Tyco, using ADT, and transfer pricing. Chap 10


[Gleeson:94] William Gleeson: Anderson near to Pounds 1m per partner; The Independent, 12 June 1994. In five of the big six firms, the average profit per partner ranges from between pounds 340,000 and pounds 418,000.


[Goolsbee:04] Austan Goolsbee, University of Chicago - Graduate School of Business; National Bureau of Economic Research (NBER): “The Impact of Corporate Income Tax: Evidence from State Organizational Form”; *Journal of Public Economics*, vol. 88 no. 112004, pp.2283-2299. In Retail establishments a 1% increase in corporate tax vs non-corporate tax reduced the share of corporate forms by 2.5% and 7% of sales.


[GriffithK:04] Rachel Griffith and Alexander Klemm: "What has been the tax competition experience of the past 20 years?"; Institute for Fiscal Studies, IFS working paper W04/05, 2004. [Downloadable!]


and nondevelopment and maintenance [Bureau of Economic Analysis]

Software, and $57B custom software. About $128B was spent by companies for internal software


Have. Includes Jersey study.

Vol.64 no.3, Spring 2011, p.283.

and capital gains?

Institution Press Publication 423, Stanford, 2007. Ignores taxhavens. Proposes elimination of taxes dividend and capital gains, but includes interest earned by corporations. $127B not collected -18%.500,000people involved. Cost $335B. Intel example on page 66. Data on dividends and capital gains? Tax preperation time p1.2; audir p.82.91


HandL:03 John Hand and Baruch Lev (eds.): Intangible Assets, Values, Measures. and Risks; Oxford University Press, 2003. Network effect. In the year 2000 $61.4B was spent for prepackaged software, and $57B custom software. About $128B was spent by companies for internal software development and maintenance [Bureau of Economic Analysis] Chap. 12 provides data for routine and non-routine returns have.


labor/capital. Considers agriculture, real estate, and repair services non-corp vs all others. Old model, later improved. Shareholders bear the tax burden, not workers.


[Hargreaves11] Steve Hargreaves: “Big Oil’s $4 billion tax break is in doubt”; CNNMoney, 29 April 2011.


though tax bases simultaneously broadened, as a result of which average corporate tax collections actually rose from 2.1% of GDP in 1982 to 2.4% of GDP in 1999. The first is the experience of American multinational firms, whose average effective foreign tax rates fell from 43% in 1982 to 26% in 1999.


[Hines:10H] James R. Hines Jr.: "Treasure Islands"; Journal of Economic Perspectives, Vol.24 no. 4. Fall 2010, pp.103-126. Taxhavens may help overall economic growth, and have become more trustworthy – or their clients have become smarter in hiding what is going on. Mentions, but does not measure intangibles.


[Hirst:02] Clayton Hirst: “Silicon fen `needs £2bn’ to stop business exodus”; The Independent, 21 Sep.2002. .. urgent need for the UK Government to throw money at the road network.

[HirtlHK:09] Peter B. Hirtle, Emily Hudson, and Andrew T. Kenyon: Copyright and Cultural Institutions; Cornell University Library, 2009, <http://ecommons.cornell.edu/handle/1813/14142

[HMT:10] Her Majesties Treasury: Corporation Tax Reform: Delivering a more competitive system; HMT Newsroom Release 64/10, 29 Nov.2010. Reducing CIT from 28% to 24%.


[Hodge:12] Scott A. Hodge: The Countdown is Over. We’re #1; Fiscal Facts, the Tax Foundation, 1 April 2012. Japan’s new rate is 38.1% less than the US combined rate of 39.5%. A 10% surtax will be removed after 2014.


Susan N. Houseman and Kenneth R Ryder, jr (eds.): Measurement Issues Arising from the Growth in Globalization; Conference papers, National Academy of Public Administration, 6 Nov, 2009, 16 papers, 421 pp.


Thomas L. Hungerford: Tax Expenditures and the Federal Budget; Congressional Research Service, RL34622, 1 June 2011. By FY2007, discretionary spending was approximately equal to the estimated revenue loss of tax expenditures (about 7.6% of GDP); reduced after 1986 act to 1989. And about 7% of GDP in 2011, 23.8% of total expenditure. Similar to Hulten:06 About $1T


International Accounting Standards Board: Who we are and what we do; IFRS Foundation, March 2010.
temptation to overstate income, while tax rules must guard against the desire to understate income. 

Plan mandated by Congress, First report was April 2007. Nothing on IRS employee performance.

Errorneous and could be inappropriately relied on. IRS, 6 Dec. 2010. “Because the Court’s factual findings eliminated the basis for the Service’s valuation, and correspondingly supported the Court’s valuation, it was unnecessary for the Court to make the broad assertions it made about the governing law. As those assertions are erroneous and could be inappropriately relied on ...”.

Tab is part of a 5-year plan mandated by Congress, First report was April 2007. Nothing on IRS employee performance.


[Ibbotson:04] Ibbotson Associates: Stocks, Bonds, Bills, and Inflation; 2004 Yearbook, Wiley. The risk premium for 1926 through 1999 historic averages att of 8.1 percent ‘Cost of Capital 2000 Yearbook 34 states: “In all of the beta regressions, the total returns of the S&P 500 are used as the proxy for the market returns. The series used as a proxy for the risk-free asset is the yield on the 30-day T-bill”;


A study of Transfer Pricing under Section 482 of the Code; Oct 1988.

IRS: Unpublished Study Guide, p59 with 461 f memo 457 outline 403b “The precise definition in the regulation is somewhat difficult to understand” “For purposes of this section, the interquartile range is the range from the 25th to the 75th percentile of the results derived from the uncontrolled comparables. For this purpose, the 25th percentile is the lowest result derived from an uncontrolled comparable such that at least 25 percent of the results are at or below the value of that result. However, if exactly 25 percent of the results are at or below a result, then the 25th percentile is equal to the average of that result and the next higher result. However, if exactly 25 percent of the results are at or below a result, then the 25th percentile is equal to the average of that result and the next higher result. However, if exactly 25 percent of the results are at or below a result, then the 25th percentile is equal to the average of that result and the next higher result.” Reg. § 1.482-1(e)(2)(iii)(C)"


CostPlusMethod ,


JJJJJJJJ


JCT-12:12] JCT: Selected Issues Relating to Choice of Business Entity; Joint Committee on Taxation, 27 July 2012, JCX 66-12, 88pp. C-corps vs LLCs , pass-throughs . data 22.6 soleprops, 1.7M C-corps, 1.9m farms, 3.1 LLC, 4.1m S-corps.(since 1958) Gowing in all sizes, but more stable since 2003. In HMAT.xlsx Corptax, Uniform pass-through. Large c-corp – large S corp by 2003


Mathew H. Jensen and Aparna Mathur: “Corporate Tax Burdens on Labor: Theory and Empirical Evidence”; Tax Notes, 6 June 2011. Employees’s wages are lowered because of the CIT per [Harris:09]. Critiques many prior analyses and observations. Mixed results, but employees seem to be affected.

Calvin H. Johnson: Can the IRS be well liked?, Rossotti’s Many Unhappy Returns; Tax Notes, Tax Analysts, 2005. Remaining problems not addressed


Erinn R. Johnson: "A $13.5 billion merger between Symantec Corp. and VERITAS Software Corp"; Black Enterprise, 2005. 13.5M , later valued at 11B, actually paid 13.2


David Cay Johnston: Congress’ Potential Faulty Tax Logic; The National Memo, 3 March 2012. Lowering corporate tax should cause dividend rates to go up to counteract wage depression per [HasettM:10].


David Jolly and Brian Knowlton: “5 European nations Agree to Help U.S. Crack Down on Tax Evasion”; The New York Times, 8 Feb 2012. part of FATCA Foreign Account Tax Compliance Act, part of a 2010 jobs bill. (France, Germany, Italy, Spain, and UK), not Switzerland, Canada, China, Japan.


Corrections 1950s. That rate had fallen to 6.6 percent by 2009.

Times

York Times

affected by tax minimization

Economic

Akamai, 7 global commodity trading, 8. Decentralized IP ownership.

Services, disks, WD? 4. Internet business model, 5 assets with embedded IP. Sharing loophole. Critique of

Proposed Solutions

blog, May 29, 2009 reform, the Accounting Modernization Act (Bilanzmodernisierungsgesetz) went into force on

HGB) on accounting. In fact, since the enactment of the German Commercial Code (Handelsgesetzbuch, or

Maβgeblichkeitsprinzip) (“§ 5 exp. 1 P. 2 EStG “) was the most striking feature of German tax accounting. In fact, since the enactment of the German Commercial Code (Handelsgesetzbuch, or HGB) on Jan.1, 1900, this principle was a pillar that survived all storms of reforms until the last reform, the Accounting Modernization Act (Bilanzmodernisierungsgesetz) went into force on May 29, 2009.

Justice Kennedy: Garcetti v. Ceballos, 547 U.S. 410; Supreme Court of the United States, 2006. First Amendment free speech protections for government employees. The plaintiff in the case was a district attorney who claimed that he had been passed up for a promotion for criticizing the legitimacy of a warrant. The Court ruled, in a 5-4 decision, that because his statements were made pursuant to his position as a public employee, rather than as a private citizen, his speech had no First Amendment protection.


Wolfgang Kessler and Rolf Eicke: “The New German GAAP – the Gap Between Commercial and Tax Accounting”; Tax Notes International, Vol.59 no.7, 16 Aug), 2010. For more than 100 years the principle of strict book-tax conformity (or the authoritative principle, or Maßgeblichkeitsprinzip) (“§ 5 exp. 1 P. 2 EStG “) was the most striking feature of German tax accounting. In fact, since the enactment of the German Commercial Code (Handelsgesetzbuch, or HGB) on Jan.1, 1900, this principle was a pillar that survived all storms of reforms until the last reform, the Accounting Modernization Act (Bilanzmodernisierungsgesetz) went into force on May 29, 2009.

Suzy Khimm: Bipartisanship lives! And it will likely cost taxpayers money; Ezra Klein’s blog, Washington Post, 5 Oct 2011.


László Kovács: Tax harmonisation versus tax competition in Europe; Tax harmonisation and legal uncertainty in Central and Eastern Europe; Austrian Chamber of Professional Accountants and Tax Advisors, Vienna, Oct. 20, 2005. The Author is the European Commissioner for Taxation and Customs.


Karen M. Kroll: “IRS seeks Truth in Veritas Deal”; CFO magazine, 20 Sep. 2006. arbitrary, capricious, or unreasonable’

Andries Kroon: The Netherlands and Netherlands Antilles in International Tax Planning; in [Ogley:00], pp. 32-46.


Martin LaMonica: “Open source reshaping services market”; CNET News, 10 Jan. 2005.


Frederick A. Laskey: Letter Ruling 00-11: Massachusetts Tax Treatment of a Netherlands BV, Department of Revenue, Commonwealth of Massachusetts; 29 Aug. 2000.

Robert Latham and Saskia Sassen (eds.): Digital Formations: IT and New Architectures in the Global Realm; Princeton University Press, 2005. Columbia University Dieter Ernst’s essay on global flagship networks in Chapter 4 argues that economic globalization has led to a type of international competition in which multinationals create and maintain alliances of suppliers internationally through digital information systems. The latter are used by global corporations to diffuse certain types of knowledge “to gain quick access to skills and capabilities at lower-cost overseas locations that complement the flagships' core competencies” (p. 91). This is a useful insight consistent with a growing number of empirical studies of international collaborations in high-technology industries. My only complaint is that it overly emphasizes the continued dominance of global firms like IBM, Microsoft, and Intel at the expense of analysis of new corporate challengers like Samsung in Korea or Acer in Taiwan or Lenovo and Haier in
China. The long-term consequences of short-term strategies of knowledge diffusion need also to be considered.


loads and scarce resources interfere with the work of economists [p.307]. Strategic disadvantage 
in TP preparing a detailed rebuttal, may help the IRS [p.309]. Settlement [p.314], limited 
communication between exam and appeals [p.315]. Statute of limitation p245, the IRS attempts 
to understand the function and the risks of the business, and attempts to understand the effect 
of the intangibles on the transactions [p.304]. Keep the IRS examiner on track 305. If the IRS team 
were to misconceive the benefit contributed by an intangible 306. High case loads and scarce 
resources interfere with the work, mof IRS economists. P307.(Have) Double taxation,  

[LeveyWC:06] Marc M. Levey, Steven C. Wrappe, and Kerwin Chung: Transfer Pricing Rules and 
pricing decisions to globally impact tax, financial and operational results, it is unfortunate that 
relatively few persons at multi-national corporations [MNEs] possess significant experience with 
transfer pricing issues”[p.v.], “absent transfer pricing rules MNEs could intentionally or 
unintentionally use transfer pricing to shift large amounts of income from one tax jurisdiction to 
another.. that benefit could be used to reduce the MNE’s overall tax rate” [p.2], Shifting tax 
avoidance example as M&C [p.3]. ‘double taxation’ computation <looks fair> [p.4]. “Tax payers 
may report arms-length results on [a] income tax return that are different than the results 
reported on their books” [p.5] “Commensurate with income’ … for intangibles” [p.6]. IRS cannot 
dictate business method [P.20] “Transfer of IP occurs when … sold, assigned, loaned, or 
otherwise made available in any manner [p.41], if the terms include rights to exploit an intangible 
embedded within a tangible, the price may have to be determined separately” [p.41-42]. [], 
taxpayers hope to get away with low valuations by taking extreme positions [p.83]. 3-year limit 
[p90]. Contemporaneous documnetain [p.91]. IRS can initiate exam/aidit based on questionable 
result [p.91]. Tisk of resolution [p.103]. Shortgae of IRS economists [p114]. Incentivev to move 
$91.49 Marc M. Levey; Steven C. Wrappe; and Kerwin Chung, Sold by: Amazon.com, LLC.  


[Levinson08] Daniel R. Levinson: Medicare Payment for Irinotecan; Dept. of Health and Human 
Services, Office of the Inspector general, OEI-03-08-00310. Aug.2008. (see also [Fein:08].  


of R&D”; Journal of Accounting and Economics, 1996, pp.107-128. [in 
guidance/references/LevSougannis.pdf>]. From [LevS:96] In 1985 the FASB made an 
exception to the full expensing requirement for some software development costs, see FAS No. 86 
(Eccher, 1995). In several other countries R&D capitalization is allowed and even required. For 
example, in the UK, SSAP 13 requires that expenditures on pure and applied research should be 
written off as incurred, but development expenditures may, in certain defined circumstances, be 
defered to future periods. The Canadian Standard (section 345 of the CICA Handbook) goes 
further to require the deferral of certain development expenditures. The International 
Accounting Standard, IAS 9, is generally in line with the Canadian standard with respect to R&D 
capitalization.  

Income gap increases due to excess supply of unskilled workers and shortage of skilled workers.


Legal Information Institute: Federal regulations; in [LLI:92], for regulations section `§' in Part I use <http://www.law.cornell.edu/cfr/text/26/1,§-0> for the first Section (-0).


Loyd George and Rollin Sullivan: I'm my own Grandpa; song written by Dwight Latham and Moe Jaffe, 1947.

Reported by Reuters: Executive Refuses to Answer Tax Haven Questions; The New York Times, Peter S. Lowry, 26 July 2008. Westfield CEO, based in Liechtenstein at LGT bank, loss $100 annually. Is 1/147 US account holders. UBS has 190,000 US accounts. Covering $18B. Loss $100 annually. US has no subpoena powers.


David J Lynch: Too many Modest Proposals; in [Lynch], [LynchEa:11].


1. Net income in the

2. The failure to account for IP generation makes predictions of growth suspect; "Business Week, 9 Nov. 2009, pp.35-38.

3. Increasing Deficits, Fail to Boost the Economy, and Ultimately Shift More Investment and Jobs Overseas; C

4. The GDP Mirage The failure to account for IP generation makes predictions of growth suspect; "Business Week, 9 Nov. 2009, pp.35-38.

5. 4 principles: Broaden the base and lower the rates (no mortgage deduction); Tax Consumption rather than income; (IRAs do); Tax ‘Bads’ rather than goods (tax gas at $2); Keep it simple (avoid loopholes as: electric car deduction used for golf carts).


9. Kevin S. Markle and Douglas A. Shakelford: Do Multinationals or Domestic Firms Face higher Effective Tax Rates; University of North Carolina Univ., June 2009. Many details on effective tax rates. US 28%. Sweden and Taiwan South Africa 25% 18% France 23% Including taxhaven effects, local and for multinationals. Consistent with U.S. multinationals’ exploiting their ability to report profits in locations with more favorable tax systems than the U.S., the foreign affiliates of American companies reported more of their aggregate net income in the Netherlands (13%), Luxembourg (8%), and Bermuda (8%) than any country in 2006 (<http://www.bea.gov/international/d1usdop.htm). Other locations with profits that far exceeded assets, sales and employees were Ireland (7%), Switzerland (6%), Singapore (4%), and UK islands in the Caribbean (3%). For comparison, 7% of the aggregate net income of U.S. foreign affiliates was reported to Canada (the U.S. largest trading partner) and the UK, while only 2% was reported in Japan and Germany, which are considered among the most highly-taxed countries. (Chap.9)

10. Maritime International Secretariat


[McAfee:83] R.Preston McAfee: “American Economic Growth and the Voyage of Columbus”; American Economic Review, Vol.73, 1983. The misuse of hypotheticals or counterfactuals: “If the world were flat, Columbus would certainly not have observed masts rising over the horizon as ships came in. As a result, he would have not believed the earth to be round, and would never have sailed. Hence he could not have fallen off the edge”;


[MelnikB:06] Steven V. Melnik and Bernard Baruch: Corporate Inversion Strategies; American Institute of CPAs, 14 July 2006.


[Morgan:10] R. William Morgan: “Testimony Before the Committee on Ways and Means”; Joint Committee on Taxation (JCT), 22 July 2010. Author is with Horst Frisch, Inc. Income shifting by one company forces others to follow. Need for IP valuation. Veritas was a bad deal for US shareholders.


[Musher:00] Steven A. Musher: Cost-sharing of ongoing research and development (“R&D”) on acquired technology; IRS Field advice, released 7 Jan 2000.


[NadiriP:96] Ishaq M. Nadiri and Ingmar R. Prucha: “Estimation of the Depreciation Rate of Physical and R&D Capital in the U.S. Total Manufacturing Sector”; Economic Inquiry, Vol. XXXIV, Jan. 1996, pp.43-56. Based on NBER Working Paper No. W4591. The model was estimated for the U.S. total manufacturing sector. “Our estimate for the depreciation rate of physical capital is 0.059 and that for R&D capital is 0.12”. Gives an “average” R&D life of 7 years and a total life 18 years to the 10% level based on a geometric (proportional) depreciation model. For linear depreciation life would be 8.3 years. An interesting observation from the paper is that 1. U.S. industry manufacturing industry now spends 5% annually on IP reinvestment, i.e., maintenance.

2. Spending 13.75% would avoid keep the value of the IP investment constant according to my spreadsheet based on [NadiriP:96]’s equations. That number is very close to the 15% maintenance cost I assume in my software models.
Leonard Nakamura: “Intangibles: What put the New in the New Economy”; Federal Reserve Bank of Philadelphia Business Review, July 1999. Corporate investments in tangible assets have stagnated while corporate value creation has surged at the same time. The S&P 500 index, reflecting the market value of the major U.S. corporations, surged between 135.76 at the end of 1980 to 1342.62 on Nov. 20, 2000 – a tenfold increase. In the same period investments into tangible assets in the U.S. (as a percentage of corporate GDP) decreased from 14.1% in the 1980s to 12.6% in the 1990s.


NYSE-Euronext: History of the component stock exchanges; <http://corporate.nyx.com/en/who-we-are>

Mark A. Oates and James O’Brien: “For Settlement Purposes Only”; Transfer Pricing, Taxation of Global Transaction, CCH Wolters, Summer 2003, pp.31-34. Taxpayers should settle if favorable terms can be negotiated. Settlement analyses are less precise. Information from failed settlements or APAs is not admissible evidence at a trial.


Mark A. Oates and James O’Brien: “Lux et Veritas: IRS’s Actions Speak Louder Than its Words”; Transfer Pricing, International Tax Journal, CCH Wolters, Jan. 2011. Veritas case. “Judge Foley rejected the IRS theories, ruled the IRS original and trial positions to be arbitrary, capricious and unreasonable, and accepted the taxpayer’s comparables-based theory of the case with minor modifications.” “In order to win a Code Sec. 482 case, a taxpayer must show that the IRS’s position in the notice of deficiency was arbitrary, capricious or unreasonable.” “Having lost badly, the IRS’s angst and anger over the decision is understandable.” “To be absolutely clear, the IRS in the AOD is saying that, given the facts found by Judge Foley, the IRS too would have ruled for the taxpayer in VERITAS.” “Dr. John Hatch was the principal expert advanced by the IRS at the trial in VERITAS. The original notice of deficiency sported an amount 50 percent higher ($2.5 billion buy-in value) than the IRS trial position based on Hatch’s analysis and opinion ($1.675 billion buy-in value). The prior notice of deficiency buy-in value was based on the analysis and opinion of Dr. Brian Becker. Prior to trial, the IRS abandoned Becker’s opinion, and, at trial, “without meaningful explanation, conceded $825 million of the [Becker] buy-in amount” and “failed to offer even a token defense in response to petitioner’s critique of Becker’s conclusions.” Not surprisingly, Judge Foley found the IRS notice position based on Becker to be arbitrary,
capricious or unreasonable. In addition, respondent inflated the determination by valuing short-lived intangibles as if they have a perpetual useful life and taking into account income relating to future products created pursuant to the [cost sharing agreement].” “hinges primarily on the testimony of Hatch. Put bluntly, his testimony was unsupported, unreliable, and thoroughly unconvincing. Indeed, the credible elements of his testimony were the numerous concessions and capitulations.” “Hatch further agreed that his discount rate used to value VERITAS’s earnings into perpetuity, to a reasonable degree of economic certainty, could not possibly be correct.” Based on the failure to appeal VERITAS, the authors believe that Appeals will continue to assign very high hazards to the IRS in litigation of the buy-in issues and thus to continue to settle these cases on terms highly favorable to taxpayers.”


[OBrienO:99] James M. O’Brien and Mark A. Oates: Caveat Expert: Let the Expert Witness Beware; Taxes, CCH, Vol.77 no.11, July 1999. A report should be filed 60 days prior to a trial. Those lead to rebuttals. Up to a dozen witnesses in some cases. Experts are easily damaged. Use of junk science. Facts are better than opinions.


PPPPPPP

[PackmanC:11] Andrew Packman and Augusto Lopez Claros: Paying Taxes 2012, the Global Picture; Price Waterhouse Coopers and the World Bank, 2011. www.pwc.com/payingtaxes. Also John Preston, Neville Howlett, Sylvia Solf, Tea Trumble. Focus on small and medium sized businesses in 183 economies. . Companies consider tax rates. Tax cost world wide 44.8% of its commercial profits. 277 hours to comply for sample company. Average total tax rate has fallen by 8.5%, > 1%/yrs. 10 economies do not levy a corporate tax, and in 3 no tax is paid because of reliefs and allowances. Income tax represents just 12% of all corporate taxes. US effective tax rate 27.6%, average global rate 16% (weighted?)


Parables. Identify

Parr:07 Russell Parr: Royalty Rates for Licensing Intellectual Property; Wiley, 2007; Kindle edition, 2007. On Kindle. Reports royalties/op. profit margins for SW 6.8/18.8%, for electronics, 4.0/8.8%, for computers 4.0/6.9%, and for healthcare 4.8/14.8% in terms of revenues. Trademark royalty are a median of 5%. Also reports that 88% of licenses have underreported royalties [Ex.14.1], and that internal royalties rates are typically meaningless because of manipulation for tax reasons [ch.4]. Rambus charges 3.5% of DR DRAM technology use [Chap.3]. Cites Royalty Source statistics.


Paul:12 Ron Paul: Plan to Restore America; Ron Paul Presidential Campaign Committee, 2012. Actually has numbers and totals.


Pearlstein:11 Steven Pearlstein: Charlie Rose Interview: Facebook, jobs; at 40 min, Audio Books, Audible.com, 10 Jan 2011. Have


Pearson:06 Thomas C. Person: “Preparing Multinational Companies for Transfer Pricing Audits of Intangibles”; International Law & Management Review, BYU, Vol.2, pp.159-200, 2006. “While most multinational companies will usually not disregard the law, some believe their business strategies may place them dangerously close to questionable areas that exploit legal loopholes.84 The natural, but unfortunate, result is that governments require more detailed transfer pricing audits to ensure that multinational companies comply with a country’s transfer pricing legal requirements and the spirit of its law.” Risks among parties. Clauses for comparables. Identify tax-planning opportunities. Division of intangibles is likely an improper pricing tactic. 361 deals with spit intangibles only. APA program. Mutual concession settlements. Location savings. Significant taxpayer victories. Company will usually achieve partial success in litigation.

Peel:11 Michael Peel: Tax Havens: In a sea of trouble; Financial Times, 12 Jan 2011. On BOTs


Pollock:12 Lisa Pollock: “Tax arbitrage 101”; Financial Times, 25 May 2012. Tax case IRS vs HP Foreign Tac Credit generator, 4-part series: Inefficient market hypothesis, the genesis of a transaction, the anatomy of a transaction (with picture, stroopwafels and cheese), The defeat of An FTC generator. Much friction and inefficiency. Uses the Netherlands, uses Dutch tax letter,
explained that, “High fiscal protectionism is bad policy, and the Center for Freedom and Prosperity will oppose and resist any legislation introduced to stifle tax competition. Tax competition is a liberalizing force in the world economy. It should be celebrated to persecuted and its freedom should not be allowed to stop companies from moving to jurisdictions that have more attractive tax and regulatory environments. Andrew Quinlan, President of the Center, remarked, “Fiscal protectionism is bad policy, and the Center for Freedom and Prosperity will oppose and work vigorously to defeat any legislation introduced to stifle tax competition. Tax competition is a liberalizing force in the world economy. It should be celebrated to persecuted.” Quinlan explained that, “High-tax California should not be allowed to stop companies from moving to jurisdictions that have more attractive tax and regulatory environments.”

Some fees contingent on tax savings.

S402

Affairs

Report on

Lawyers, and Financial Professionals, Four KPMG Case Studies, FLIP, OPIS, BLIPS, and SC2; Report on Hearings held 18&20 Nov. 2003. U.S. Senate Homeland Security and Governmental Affairs Committee, on the Role of Professional Firms in the U.S. Tax Shelter Industry “US Senate S402-21, 130 pp. Focus on US individual returns. Fees $0.5M to 2M for an S-corporation! Some fees contingent on tax savings. Mentions “more- likely-not”. “the penalties would not be greater than $14,000 per $100,000 .. fees”. Uses Tax shelter states and the Cayman islands.

John Quiggin: “Individual and Household Willingness to Pay for Public goods”; American journal of Agricultural Economics, v80, n1, (Feb 1998), 58-64. ... in the presence of “non-paternalistic altruism towards family members, the sum of private willingness to pay for public goods will equal household willingness to pay which is less than the sum of individual willingness to pay”; This implies that the estimate of the aggregate benefit from public goods will be greater than the willingness to pay of the households as a whole when individual willingness to pay is used as a basis for benefit estimation. Quiggin’s findings help explain the rejection of the Reagan Administration’s argument for eliminating corporate income tax. In the context of shareholders and corporations, the shareholders and the corporation can be construed as members of the same household, with the concern about taxation of corporate income a consequence of the household’s willingness to pay being less than the benefits accruing to individual household members. Since both the corporation and the shareholders benefit from public goods, the elimination of the corporate income tax would reduce the tax burden on the household without reducing benefits.

Andrew Quinlan: Fiscal Protectionism and the Need for Territorial Taxation; CF&P Press Release, Center for Freedom and Prosperity, Washington, 12 March 2002. Tax Reform, not Fiscal Protectionism, is the Right Response to Corporate Flight: CF&P Reiterates Call for Territorial Taxation. Washington (March 12, 2002) – The Center for Freedom and Prosperity, the nation's leader in the fight for international tax competition, announced today that it will vigorously resist all legislation to restrict the freedom of companies to locate in jurisdictions that have more attractive tax and regulatory environments. Andrew Quinlan, President of the Center, remarked, "Fiscal protectionism is bad policy, and the Center for Freedom and Prosperity will oppose and work vigorously to defeat any legislation introduced to stifle tax competition. Tax competition is a liberalizing force in the world economy. It should be celebrated to persecuted”; Quinlan explained that, "High-tax California should not be allowed to stop companies from moving to
low-tax Nevada, and Washington politicians likewise should not be able to stop companies from escaping bad U.S. tax law”; Tax Reform, not Fiscal Protectionism, is the Right Response to Corporate Flight: CF&P Reiterates Call for Territorial Taxation

<http://www.freedomandprosperity.org/press/p03-12-02/p03-12-02.shtml>

RRRRRR


[Ramos:07] Joanne Ramos: “A survey of offshore finance”; The Economist, 22 Feb 2007. Offshore financial centres, Macau Bermuda, Liechtenstein, Guernsey, are booming as thanks to their easy-going tax regimes. But the best of them are more than tax havens: they are good for the global financial system. Now also Dubai, Kuwait, Saudi Arabia, Shanghai (China), Khartoum (Sudan).

[Rashkin:07] Michael Rashkin: Practical Guide to Research and Development Tax Incentives: Federal, State, and Foreign, 2nd Edition; CH Wolters Kluwer Publications, 2007. “The Joint Committee on Taxation estimates that in 2004 U.S. corporations will use the research credit and R&D expensing to reduce their tax liabilities by 9.2 billion dollars. The perception used to be that the high-tech sector was the only heir to this tax fortune. But the Treasury Department liberalized the rules, as reflected in the 2001 proposed regulations, and now even traditional manufacturing industries are capitalizing on the research credit and R&D expensing. While maximizing these tax incentives saves companies huge sums of money, the credit in particular can represent a very confusing area of law. Both business people and their tax advisors may be unclear about the rules and how to use them to secure the greatest tax savings. Michael Rashkin, J.D., LL.M., (General Tax Counsel for Marvell Semiconductor, Inc.) provides something that has been missing in professional tax literature—authoritative, comprehensive coverage of this complex and evolving topic. It explains the elements of qualified research, exclusions, computational rules, and basic research payment credits. Historically, the IRS has been vigilant in denying R&D credits. This resource explains how to satisfy the IRS’s requirements, document the credit, and defend against IRS challenges. It also examines research incentives offered by individual states and describes the R&D incentives available in the major economies of the world, offering helpful charts that show the key differences among the various countries”;


[ReillyS:98] Robert F. Reilly, and Robert P. Schweis; Valuing Intangible Assets; Irwin Library of Investment and Finance; McGraw-Hill, 1998. Have copy of Chapter 1, p.3:29: Identification Defines IP p.20-22; and Chapter 19, p 363-380: Data Processing Intangible Assets, Special Consideration on Software Valuation, Cocomo 1981”; The discounted cash flow method is typically used in the valuation of data-processing intangibles when there is an identifiable income stream associated with the intangible asset. Therefore, this method is usually used in the
valuation of product software or databases that generate income through their sale or license". "... the economic life of software is an entirely different issue [from the life for income tax depreciation or amortization]. The analyst should consider a number of factors, including: o the age of the software and maintenance or enhancement practices". The market for the software. "[p.370]. "... physical deterioration is not generally applicable to data-processing intangibles ... . Functional obsolescence is often immaterial when the software is continually maintained and enhanced"[p.372]. “human capital intangibles” consist of “trained and assembled workforce” and various contracts such as non-compete agreements, all having possible separate and quantifiable value. They consider goodwill to be a separate intangible. Intellectual property, for the authors, is a separate category still, characterized by creativity/innovation and by separate legal recognition/protection.[?]


[Reuters:10] Flextronics sees Pressure on operating margins, 8 Sep. 2110. 3.5%. Foxconn, Hon Hai Shares fall on weak earnings 31 Aug 2010.


[RICS:04] The Royal Institution of Chartered Surveyors: The Value of Intellectual Property, Intangible Assets And Goodwill, 26 Oct.2004, <http://www.rics.org.uk/Property/Propertyappraisalandvaluation/irrvaluation.htm: "Methods for the Valuation of Intangibles Acceptable methods of the valuation of identifiable intangible assets and intellectual property fall into three broad categories. They are either market based, cost based, or based on estimates of future economic benefits. Cost based methodologies, such as the cost to create or the cost to replace, assume that there is some relationship between cost and value and the approach has very little to commend itself other than ease of use";


Follow Cuts; Romney bill: 3
Serena Saito: “U.S. tech firms shop abroad to avoid taxes”; Bloomberg Businessweek, 6 Sep 2010, pp.31-32. Quotes CISCO.
I am both PhD's in economics breaking down collecting the data! to give to the person who prepares my tax returns, and I almost had a nervous breakdown. Economist Willem Buiter said on Bloomberg Radio Tuesday, "Giving Him a Nervous Breakdown". Business Insider, 21 March 2012. Buiter: depends on due diligence, cooperating. Focus on financial institutions.

1.0% of U.S. mutual fund assets, which totaled $2 trillion in 1994, have grown to nearly $10 trillion today. The SEC’s budget in 1994 was $260 million, less than one-third of what it is today ($906 million). U.S. mutual fund assets, which totaled $2 trillion in 1994, have grown to nearly $10 trillion today. =.

As a U.S. citizen, I had to try and get the data — and we can’t make head or tails of it.”

The US tax system is completely incomprehensible! My wife and I are both PhD’s in economics — both of us! — and we can’t make head or tails of it.”


---


[Schaeffer:04] Bernie Schaeffer: Dynamic Market Opportunities; PR Newswire, 17 December 2004. “2004 certainly seems to be the ‘Year of the merger’. with over 9800 deals concluded so far. The combined total is $789M, a 43% surge over the 552B last year”. Attached to Johnston:05


[Foxman:12] Simone Foxman, 21 March 2012: ‘Citi’s Chief Economist Rips the US Tax System For Almost Giving Him a Nervous Breakdown’; Business insider, 21 Mar 2012. Buitter:12] “Citigroup’s chief economist Willem Buiter said on Bloomberg Radio Tuesday, fiscal policy at the federal level we’re talking about now is a complete disaster. “As a U.S. citizen, I had to try and get the data together to give to the person who prepares my tax returns, and I almost had a nervous breakdown collecting the data! The US tax system is completely incomprehensible! My wife and I are both PhD’s in economics — both of us! — and we can’t make head or tails of it.”

Manufacturing CD copies offshore from a Golden master disk supplied from the US does not infringe US patent rights.


Expected Rate of Return on Equity Capital  \( RREC = \text{RiskFreeRate} + \beta \times (\text{BroadStockPortfolioReturn} - \text{RiskFreeRate}) \). In 2000 the RiskFreeRate based on U.S.Treasury Bonds was 6.13%. The BroadStockPortfolioReturn in 2000 was 11.1%, Beta for SW was 1.31, making \( RREC = 12.68 \). Per PWC a small company premium, to be added for startups is 4.4% giving 17%. Without the small-business correction the beta would be 2.174 versus the broad portfolio, less for better matching portfolio.


Shaw:06 Helen Shaw: “Must Reading for IRS agents”; *CFO magazine*, 31 May 2006. New FASB SEC rule gives more information to IRS 'More likely than not' rule


amnesty. Transfer pricing handling needs change. Need more experts. Reach out to corporate board directors. Transparency, Uncertain tax positions

[Shulman:10O] Douglas H. Shulman: Prepared Remarks of Commissioner of Internal Revenue before the OECD/BIAC; 8 June 2010, Washington, D.C.,
www.oecd.org/document/16/0,3746,en_2649_33749_45425296_1_1_1_1,00.html.
FATCA provides IRS with the tools we need to crack down on Americans hiding assets overseas. First, it increases information reporting by U.S. taxpayers holding financial assets outside the United States and imposes stiff penalties for failure to comply. It expands due diligence standards, so that we have a better line of sight to U.S. beneficial owners of accounts. It also ramps up the stakes for foreign financial institutions that will have to agree to disclose U.S. investors to the IRS or feel the pain of a substantial new withholding tax on U.S. income and gains. The mere enactment of FATCA should prompt preparers and advisors to expand their due diligence regarding offshore account issues, including, but not limited to income tax reporting. Overall, FATCA makes the world a much riskier place for US taxpayers still trying to hide their money anywhere around the world.


[Slemrod:95] Joel B. Slemrod: “Professional Opinions About Tax Policy, 1994 and 1934”; National Tax Journal, March 1995, Vol.85 no.2, pp.121-147; also appears in [Slemrod:99]. <check> Survey based”it is administratively not feasible to tax on a residence basis, (so one has to tax on a source basis). Less emphasis on redistribution of watherl? 28% for a flat tax, 36 for value added tax vs income tax. 70% for taxation of inflation adjusted. capital gains as ordinary income (65%).


[Smith:1759] Adam Smith: The Theory of Moral Sentiments; Uplifting Publications, Amazon Kindle edition, 2010. On Kindle. Deals with “sympathy”, “propriety”, “happiness”, “compassion”, “To what purpose is all the toil and bustle of this world? What is the end of avarice and ambition, the pursuit of wealth, of power, and preeminence”
“The directors of such [joint-stock] companies, ... being the managers of other people’s money that their own, it cannot well be expected that they should watch over it with the same anxious vigilance with which the partners in a private copartnery frequently watch over their own”

“A new term "Intellectual Capital" has entered the business lexicon...., ”... what walks out of door at the end of the day. ".. knowledge that can be converted to value", and finally "We believe that intellectual capital is not a new category of business assets but rather a different way of classifying business assets in order to focus on their management. Intellectual capital is said to be a combination of human capital, intellectual assets, and intellectual property”; software life 10 to15 years and likely increasing.

On average a $1 increase in R&D spending leads to a $2 increase in profit over a seven year period and a $5 Market value increase. Some is due to shareholders seeing and valuing IP R&E credits are considered.

"We can't write a law their lawyers can't get around. That's the whole problem here" Doggett explained. "You're in Congress. Why did Congress write these laws that allowed this to happen?" Stahl asked. "There's been a lot of arm twisting, a lot of effective lobbying here, and some really smart tax lawyers figuring out how to game the system with one shenanigan after the other"; the congressman replied. "But are they shenanigans or is it the law?" Stahl asked. "I think it was a shenanigan when some of these companies felt so strongly about America that they renounced their American citizenship and began saluting a foreign flag. They exploited a provision in our tax laws and moved offshore"; Doggett said. Read more:


IP assets score sheet, including worksheet, Used by Infosys. Focus on publishing segment. Intellectual capital should be on the books.

Deborah L. Swenson: “Tax reforms and Evidence of Transfer Pricing”; National Tax Journal, Vol.54 no.1, March 2001, pp.7-25. Also UC Davis and NBER, 2000. <http://www.econ.ucdavis.edu/faculty/dswenson/Research/TPRICING.Sept00.pdf>. Problems with intangibles are worse. Tangibles: … reported prices rise when the combined effect of taxes and tariffs provides an incentive for firms to overstate their prices. While the results are statistically significant, they are economically small, implying that a 5% decline in foreign tax rates causes the reported price of affiliated firm imports to rise by 0.024%. Because transfer price manipulation is predicated on the actual flows of goods among countries, this method of moving income may be more costly than other methods of income shifting. While the manipulation of intra-firm trade transfer prices represents one potential avenue for income shifting, my evidence from trade transaction prices suggests that the manipulation of product transfer prices is not generally responsible for large movements in reported income.


Roger Tang: Transfer Pricing in the 1990’s: Tax and Management Perspectives”; Quorum, 1993. A GAO survey of 519 multinationals in 1980/1981 revealed that 60.1% of IRS adjustments (as measured as a percent of total dollar adjustments), represented pricing adjustments. In terms of dollar volumes, pricing adjustments were followed by adjustments to income allocation, expense allocation, intangibles, services, interest, rentals, and gain allocation.


Vito Tanzi and Ludger Schuknecht: Public Spending in the 20th Century: A Global Perspective; Cambridge Univ. Press, 2000. Have. Much social redistributive spending is just churning. Transparency of subsidies is need for trust. Favors privatization to reduce governments share of GDPs


Derek Thompson: How We Pay Taxes: 11 Charts; The Atlantic, 16 April 2012


<fix, was 08> Tax Justice Network; Catch us if you can; TJN- AISBL, Brussels, Belgium, 2005. 78 pp. <http://www.taxjustice.net/cms/upload/pdf/toxic_capital.pdf>


John Townsend: “Tax Ostruction Crimes: Is Making the IRS’s Job Harder Enough?”; Houston Business and Tax Journal, Vol.9, 2009. A list of 27 legal - even morally neutral objective - means to exploit IRS inefficiency, even increasing increasing tax payments to avoid audits.


US Congress: The Tax Reform Act of 1996; section 8670;

Mark Trumbull: Deficit super committee fails: Who’s to blame; Christian Science Monitor, 21 Nov. 2011.

T. Timothy Tuerff (Deloitte), Daniel Shaviro (NYU), Douglas A. Shackelford (UNC), Timothy M. McDonald (Procter&Gamble), and Michael Mundaca (Treasury): “Panel Session 4: Alternatives for Taxation of Foreign Source Income”; Taxes – The Tax Magazine, CCH publishers, June 2008, pp.71-86. Subpart F. Territorial vs World wide. Reforming Deferral Rules. Consumption tax. Non-corporate business paid 51.5 of business taxes in 2004. MacDonald: I believe that incremental change, although politically the easy thing to do, is probably the worst thing we can do for the economy and for our long term standard of living, which I think was the point made from some of the other panels. So it is time to buckle down and get this debate outside of the tax community and developed in such a way so that regular citizens, i.e., voters get all the facts and the likely real consequences of the difficult choices that will need to be made. I think this is tough enough for the tax people, but people that do not have the business background, let alone a tax background, need to understand what this issue is about and the economic consequences of these tough policy choices. I think there needs to be a lot more discussion, articles, and a robust agreement as to how do we raise the standard of living.


The authors are with James Hardie Industries (DvH), and (Baker & McKenzie London (AR) and Amsterdam):


[VBM:04] Value Based Management.net: The Value of Intellectual Capital, do intangible assets yield a return ... ?; <www.valuebasedmanagement.net/faq_do_intangible_assets_create_value.html>, 2004. For Research & Development (R&D) (the only intangible asset reported separately in corporate financial statements) there has been substantial research, showing that estimated rates of returns are in between 20-35 percent annually. The contribution of basic research often turns out to be much bigger than the contribution of product development or of process R&D (although riskier as well). Refers to IBM:11


[VidanoT:07] Thomas A. Vidano and Carol B. Tan: Request for comments on Temp. Treas. Reg. § 1.482-9T(b)(4)(i) (Support services among taxpayers in a variety of industry Sectors); IRS, Office of Associate Chief Counsel (International), 2007. Markup 7%.


WWW


Over the last decade, the Delaware loophole has enabled corporations to reduce the taxes paid to other states by an estimated $9.5 billion. Laszlo Kiss, an Romanian accountant and author of “United States, Tax Heaven — Uncle Sam Will Fight Your Taxes!” that praised the state’s lax rules. He is now awaiting trial in Bucharest on charges of helping embezzle and launder $10 million through Delaware shells. The New York Times Company has seven corporate subsidiaries registered at 2711 Centerville Road in Wilmington. The registered agent for that address is the Corporation Service Company, which is the second-largest agent in the state.

Bradley P. Lindsey, an accounting professor at North Carolina State University and one of three authors of a 2011 study titled “Exploring the Role Delaware Plays as a Domestic Tax Haven.” Delaware does not tax certain profit-making intangible items — like trademarks, royalties, leases and copyrights. Yet those same intangibles can be part of a tax strategy that allows them to be classified as deductions in other states, reducing a company’s tax bill there.


David Wessel: U.S. Firms Shift Hiring Abroad; Wall Street Journal, 19 April, 2011.


Andrew Willis: Commission finance experts the same bankers that caused the crisis; EUobserver.com, 11 May 2009.

[Wilson:07] Fred Wilson: Failure rates in early stage venture deals; Union Square Ventures fund 29 Nov 07. 1/3 sucessful, 10.2 leverage 1/3 even good deals, average 2.6 lev / 1/3 gone.

[Wippel:09] Hildegard Wippel: International Taxes on Financial Transactions; KOO, Austria, The International Alliance of Catholic Development Agencies (CIDSE), Nov. 2009. Cites The UN General Assembly’s Commission of Experts on Reforms of the International Financial and Monetary System (the “Stiglitz Commission”) mentioned a financial services tax as a way of providing more stable and sustainable development finance that would also help to stabilize markets. The tax would be automatically collected at the exchanges and borne equally by buyers and sellers using the electronic settlement systems. Between 0.01%-0.1%.

[Wolf:05] Martin Wolf: Why Globalization Works; Yale Nota Bene, Yale University Press, 2005. Pp: 135-304 Why the critics are wrong, p 305-320. Corporate influence is less than made out to be, (50/100 in list versus countries, ) but still significant 29/100? “Tax havens are just termites” p.268. Admits ignoring “The looming debate about the tradeability of Services”. Since people don’t move assumes their IP does not move. Need world-wide taxation to overcome effect of IP sales. Taxation and regulation p.252. The Internet is only 0.4% of GDP. Depends on OECD data.


[Wydick:08] Bruce Wydick: Games in Economic Development; Cambridge University Press, 2008. On Kindle It has math. But it is written simply and clearly and the math is confined to specific sections. You can easily skip the math and fully benefit from this book. It is not just a book about economic development, but rather a book about markets that are (1) out of equilibrium, and (2) with poorly defined and enforced property rights. But to some degree that is true of all markets and this perspective takes you deep into the foundations of both capitalism and civilization. Incredibly sophisticated. Reinforces many of these lessons and teaches many more. Ultimately culture is what matters more than markets or government.

XXXXXXXXXXXXX

ZZZZZZZZZZZZZZ

[Zerbe:10] Dean Zerbe: IRS Audits Small Biz More, Big Guys Less; Expert View, FORBES.com, 11 April 2010. Hour benefit per hour audit in LMSB is $9,354. Audit rate 25%. The IRS should also tell more.

Possible Citations (likely chapter)


[AnkenB:11] F. Anken and J.E. Beasley: Corporate structure optimisation for multinational companies; Omega, 2011.


broadeners to lower corp. tax, programatic base broadeners (keep R&E). 3. Simpler code raising the effective tax, 4. Pragmatic Incentivists as ITIF view tax code as a tool.


[Auerbach:06] Alan Auerbach: The Future of Capital income taxation ; 2006 Institute for Fiscal Studies Annual Lecture, Sept 2006. of the University of California at Berkeley found that whereas in 1983 financial corporations accounted for only about 5% of all corporate-tax revenues in America, between 1991 and 2003 they made up roughly a quarter. Kep the Corporate income tax.


[http://web.williams.edu/Economics/wp/AshrafGalor-Malthus.pdf],
[http://ideas.repec.org/p/wil/wileco/2010-01.html],


[Hedging, insurance, broaden the interquartile range to account for risk.]

[BajajDFS:01]: Mukesh Bajaj (Managing Director of Finance and Damages Practice of LECG, LLC), David J. Denis**, Stephen P. Ferris & Atulya Sarin: Firm Value and Marketability Discounts; working paper, SSRN. Managing Director of Finance and Damages Practice of LECG, LLC


[Banks :10] Nancy Turner Banks: *AIDS, Opium, Diamonds, and Empire: The Deadly Virus of International Greed*; iUniverse, Kindle , May 2010

[Banner:80] Donald W. Banner: "Pricing the Technology"; *Domestic & International Licensing of Technology 1980*, T. Arnold and J.T. McCarthy, Eds., Practi(s/c)ing Law Institute, 1980. Not at SUL. The source appears to be an annual treatise by an institute within NYU, but is not now publicly available. ??VVVV
Paul Baran wrote about in the early 60's: that computer networking would bring about the decline of governments. JM had hoped to ask Kleinrock why it is that we so rarely hear of Paul Baran ("BEAR-en")


Baran wrote about in the early 60's: that computer networking would bring about the decline of governments. JM had hoped to ask Kleinrock why it is that we so rarely hear of Paul Baran ("BEAR-en")


Frederick Bastiat: What is seen and What is Not seen; Essays in The economics of Freedom, What your Professors won’t tell you; Frederick A. Hayek have on Kindle


Kay Bell: Tempting the Tax Auditor; Bankrate.com, 2009.

Kay Bell: Taxpayer Advocate calls for help; Bankrate.com, 9 Jan 2009. Shulman,olson.

Kay Bell: Taxpayer Advocate calls for help; Bankrate.com, 13 Aug, 2009.


Alison Bennett: IRS Unveils Bonus Depreciation Guidance Giving 2010 Election Flexibility; *BNA Software*, 30 March 2011. Revenue Procedure 2011-26, IRS offered guidance under the Small Business Jobs Act of 2010 (Pub. L. No. 111-240), and the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (Pub. L. No. 111-312). In general, the two laws extend the time that taxpayers already could take 50 percent bonus depreciation and add additional 100 percent bonus depreciation in some cases.


[Berman11] Berman Scam to gain from loans.


[BusinessWeek:05] BW: Taxes: A race to the bottom; 4 April 2005


[Martin:] Patrick W. Martin: Oops – The Accidental Inversion”; Procopio, 24 Apr,2005. “The Service will undoubtedly be frustrated in its efforts to enforce the U.S. tax law vis-à-vis the foreign parent corporations in foreign jurisdictions (especially in those countries without any U.S. income tax treaty) when there is no nexus to the U.S. other than the U.S. shareholdings of foreign parent corporation.”


[CerfK:00] Vint Cerf and Bob Kahn: "Al Gore and the Internet"; 29 Sep.2000, . "As far back as the 1970s Congressman Gore promoted the idea of high-speed telecommunications as an engine for both economic growth and the improvement of our educational system. He was the first elected official to grasp the potential of computer communications to have a broader impact than just improving the conduct of science and scholarship […] the Internet, as we know it today, was not deployed until 1983. When the Internet was still in the early stages of its deployment, Congressman Gore provided intellectual leadership by helping create the vision of the potential benefits of high speed computing and communication. As an example, he sponsored hearings on how advanced technologies might be put to use in areas like coordinating the response of government agencies to natural disasters and other crises .


[ChoiH:03] Eun Kwan Choi and James Hartigan (eds.): Handbook of International Trade, Vol.1; Basil Blackwell, 2003. Don’t have

[ChoiH:05] Eun Kwan Choi and James Hartigan (eds.): Handbook of International Trade, Vol.2; Basil Blackwell, 2005. have


[Clarke:76] Darral Clarke: Cumulative Advertising Effects, Sources and Implications, Report no.77-111, 1977, Marketing Science Institute, 1976. IP life, measurements varied from 1.3 to 1368 months, cigarettes 17-677 month, also to 90 total.


[CollierS:01?] Paul Collier, professor of economics, Oxford University, and Michael Spence, 2001 Nobel Laureate in economics. “Currently there is both an agency problem – ministerial corruption – and an information asymmetry: companies know better than governments what rights are worth. The consequences are often grotesque… In 2006 the Democratic Repub?>


[ConnerS:09] Patrick D. Conner, E. Andrew Southerling: New SEC Chairman Mary L. Schapiro Pledges Swift and Vigorous Enforcement; Morgan Lewis Litigation Practice, 12 feb 2009


[DavydenkoSZ:12] Sergei A. Davydenko, Ilya A. Strebulaev, and Xiaofei Zhao: A Market-Based Study of the Cost of Default; to appear, 2012. University of Toronto, Rotman School of Management (D&Z), Stanford University, Graduate School of Business, and NBER (S)


squares, subsidiaries companies. Used Federal contract obligations can be found at USA Spending, www.usaspending.gov


[Dwoskin:12D] Elisabeth Dwoskin: “Defender of Last Resort”; Bloomberg Businessweek, 9 April 2012. Long article on Nina Olson, the national taxpayor advocate. Focus on individual tax returns.

EEEEEE


[E&Y:xx] Ernst & Young License Agreement Library.


[Eccles:95] E. Eccher, The value relevance of capitalized software development costs; Northwestern University, Kellogg School of Management, Evanston, IL, 1995:.


[Economist:11G] The Economist: GDP forecast; The Economist, 11 July 2011. Fig in references

[Economist:11O] The Economist: Owe Dear; The Economist, 18 July 2011. International Debts, Fig in references


[Eisinger:12A] Jesse Eisinger: How Shareholders Are Hurting America”; Pro Publica Trade, 27 June 2012. Many good comments
Jesse Eisinger: Incoming Regulator promises no more Coddling of Banks’; Pro Publica Trade, 13 June 2012. Treasury sluggish in dealing with banks.

Quote in comment: John - Walter, you’re right on target regarding the founders, but metaphors aside, money is not speech. Especially in a world that includes the Internet and volunteers, it’s entirely feasible to put a strict limit on campaign spending across multiple organizations. And whether or not a corporation is a person, it absolutely isn’t a citizen, and we explicitly ban non-citizens from political speech to sway campaigns. So the infrastructure already exists to limit any of these corporate entities the way we’d limit a Chinese millionaire.


Valentin Estevez Rios: Liberals, conservatives, and your tax return, partisan politics and the enforcement activities of the IRS; University of Chicago, 2005. Differences in audit rates under democratic versus Republican administrations.


Chris Faiferlick, Robert Miall, And Paul Balkus: Response of members of Ernst & Young’s Global Transfer Pricing Team to the OECD’s Invitation to Comment on Transactional Profit
In [OECD:06] In OECD: TransactionalProfitMethods-ResponsesToTheOECDInvitationtoComment.

[Fallon:xx] Padraic Fallon; (ed.); Euromoney magazine. On iPad


[FASB:85] Financial Accounting Standards Board: Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed - FAS 86; 1985. The capitalization of external use software development costs is required once functionality is demonstrated. Customer maintenance and support costs for computer software should be expensed when related revenue is recognized or when those costs are incurred, whichever occurs first, <but not as R&D-gio>

From [LevS:96] In 1985 the FASB made an exception to the full expensing requirement for some software development costs, see FAS No. 86 (Eccher, 1995). In several other countries R&D capitalization is allowed and even required. For example, in the UK, SSAP 13 requires that expenditures on pure and applied research should be written off as incurred, but development expenditures may, in certain defined circumstances, be deferred to future periods. The Canadian Standard (section 345 of the CICA Handbook) goes further to require the deferral of certain development expenditures. The International Accounting Standard, IAS 9, is generally in line with the Canadian standard with respect to R&D capitalization.

[FASB:01] Statement 142: Annual statement required re impaired intangibles ,what is included> and goodwill – no longer based on a fixed amortization schedule, <<Chap 3>> [Martin:11, 620]. Used to match Intangibles to  market cap


[FeenstraH:04] Robert C. Feenstra and Gordon H. Hanson: Global production sharing and rising inequality: A survey of trade and wages; in [ChoiH:03], pp. 146-185. Strongly suggests that globalization has contributed significantly to income inequality.


There has never been an easy-to-use and convenient book that addresses salient and fundamental transfer pricing issues . . . until now. Designed to specifically assist mid-sized businesses facing transfer pricing issues now and in the future, Transfer Pricing Methods is a comprehensive guide
that provides in-depth coverage of various transfer pricing methods and applications that are available to today's mid-sized corporations. An invaluable reference for all tax managers, CEOs, and CFOs, *Transfer Pricing Methods* provides a practical focus on the techniques available and their consequences. Featuring contributions from industry experts, complete coverage includes: Comparable profits methods Cost sharing Transactional net-margin method Adjustments of interest rates Resale price techniques Benefiting from the cost-plus method Market share guidelines Life-cycle analysis.


[Friedman:62] Milton Friedman: "Capitalism and Freedom, The distribution of income" ; <>, pp.161-176, 1962, wrote that "All things considered, the personal income tax structure that seems to me best is a flat-rate tax on income above an exemption, with income defined very broadly and deductions allowed strictly for defined expenses of earning income"; [p. 174.].


[FulghumSB:12] David Fulghum, Bill Sweetman, and Amy Butler: “China’s Role in JSF’s Spiral Costs”; *Aviation week*, 2012. Foreign contractors have caused loss of protected IP.

[Downloadable!]


[GOA:85] GAO, Tax Administration, the federal/state tax information exchange program; GAO report to the Commissioner of Internal Revenue, December1985. Nothing specific, based on sample


[GAO:08] GAO-08-617, Tax Compliance: Businesses Owe Billions in Federal Payroll Taxes; 23 July 2008). uncollectible. gaO noted that the IRS assigned to revenue officers about $7 billion, and about $9 billion remained in the queue awaiting assignment.In addition, GAO’s analysis found that the number of businesses with more than 20 quarters of tax debt (five years of unpaid payroll tax debt) more than doubled between 1998 and 2007


Eliminate The Taxes On Capital Gains And Dividends In Order To Eliminate The Double Taxation On Investment. Capital gains and dividend taxes amount to a double-taxation on individuals who choose to invest. Because dollars invested had to first be earned, they have already been subject to the income tax. Taxing these same dollars again when capital gains are realized serves to deter productive and much-needed investment in our economy.


0.2% of assets out of corporation form. [deMooij:07] risk is more important. , but see [Goolsbee:04] <Chap.9>


[Graetz:02] Adjust personal income taxes to compensate for uneven burden of expenditure taxes.

[Grassley:10] Sen. Charles Grassley, republican senator from Idaho, has stated (11/18/2010) that “making the R&D tax credit permanent” should be one of the actions that Congress takes to rejuvenate manufacturing in the U. S. The context was a discussion on jobs going to China.


The intangibles being not reducible to statistics, the food of all bureaucracy, count for nothing"; Here And Now, 30 Oct 1949.


Importance of Information. If there is a unifying theme, it is informational failure. Cited by Shaxon


Bronwyn H. Hall: Tax Incentives for innovation in the United States; Asesoria Industrial ZABALA-Spain, report Inno-00-93 the EU, 15 Jan.2001. R&E data and many more.


Seth Hanlon: Tax Expenditure of the Week: Offshore Tax Deferral; Center for American Progress, March 16, 2011, http://www.americanprogress.org/issues/2011/03/te_031611.html. Because some of the revenue loss may be captured in later years, the present value of the tax expenditure, according to the Treasury, was $23 billion in 2010.


Jay Hanson: From Capitalism To Democracy; Dieoff blog <http://www.dieoff.com/>


Arnold V. Harberger: “Corporate Tax Incidence, Reflections on What is Known, Unknown, and Unknowable”; in [DiamondZ:08], p.297-299.


Intangibles are written off over their useful lives, where the assets have determinable useful lives. Where the intangibles have indefinite useful lives, they are not amortized. Trademarks and Trade names are renewable indefinitely by the original user in periods of 10 years each. Goodwill has an indefinite life and should not be amortized. Impairment test performed at least annually, If applicable, loss recorded. No impairment if sum of expected future net cash flows from use and disposal of asset is equal to or more than the carrying amount


Joseph Heath:  Filthy Lucre: Economics for People Who Hate Capitalism;
obobherbert88@gmail.com
<http://pespmc1.vub.ac.be/OCCAMRAZ.html> Shirley has a [VitaniL:00] reference.
[Holmes:04] Oliver Wendell Holmes: ‘Taxes are what we pay for a civilized economy’.
periodic adjustments as a contingent royalty when the taxpayer provides for only an inadequate lump sum. See H.R. Rep. 99-426 at 424-25 (1985), Refers to Chapoton>.


[IPRA:03] International Property Research Association: Royalty Rates for technology, 3rd edition; 2003;


[IRS-TI:11] IRS tax information for corporations: FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes; IRS, 17 March 2011


IRSregs482-6-95] Internal Revenue Service: Regulations on Transfer Pricing, Profit split method; Title 26 Chap.I Subchap.A Part 1 §1.482-6, 1995.

IRSregs482-7(c):96] T.D. 8670; 18 Sep.1996 Revision of Section 482 Cost Sharing Regulations. These regulations eliminate the active conduct rule of _1.482-7(c) as a requirement for qualification as a controlled participant in a qualified cost sharing arrangement. Section 1.482-7(c)(1) of these regulations substitutes a general rule that a controlled taxpayer may be a controlled participant in a cost sharing arrangement only if it reasonably anticipates that it will derive benefits from the use of covered intangibles. In addition, _1.482-7(f)(3)(ii) provides that if a controlled participant transfers covered intangibles to another controlled taxpayer, the participant's benefits will be measured with reference to the transferee's benefits rather than with reference to any consideration paid by the transferee. (This gives rise to results similar to those under the subgroup rules of the proposed regulations by different mechanics.) Finally, _1.482-7(f)(3)(ii) continues to provide that the amount of benefits that each of the controlled participants is reasonably anticipated to derive from covered intangibles must be measured on a basis that is consistent for all such participants.


IRSregs936-6b:96] Internal Revenue Service: T.D. 8669 10/8/1996 Computation Of Combined Taxable Income Under the Profit Split Method When the Possession Product Is a Component Product or an End-Product Form for Purposes of the Possessions Credit Under Section 936


JCT:08] Joint Committee On Taxation: A reconsideration of Tax expenditure Analysis ; JCX 37-08, 12 may 2008. Tax subsifies are tax provisions that are “deliberately inconsistent with an identifiable general rule of the present tax law” quted by Hungerford:11]

Jefferson:1816 Thomas Jefferson, 1816 “I hope we shall... crush in its birth the aristocracy of our moneyed corporations which dare already to challenge our government in a trial of strength, and bid defiance to the laws of our country”;


Eisinger:12 Sarah Johnson: “More Vitriol Aimed at Obama’s Tax Plan”; CFO magazine, 7 Mar 2012. Changes in taxation of pass throughs may again reconsider their structure. Also LIFO, transfer pricing.


Johnson:03E David Cay Johnston: “Tax Moves by Enron Said to Mystify the I.R.S.”; The New York Times, 13 Feb 2003. The IRS and Enron "Enron and other big companies have escaped taxes in recent years through financial maneuvers so complex that the Internal Revenue Service has been unable to understand them," and that these transactions, while legal, "create [undisclosed] risks for shareholders"


Kampa:03] Paul J.Kampa: “Shifting Cultural Gears in Technology-Driven Industries” MIT Sloan management review, 15 Jan 2003, also a chapter in Edgar Schein, et al., DEC is Dead, Long Live DEC”; technology-driven companies need to shift from a product-innovation culture to a process-innovation culture as their markets mature.


KingEa:07] Steve King, Dan Burton, John Culberson, John Linder, Jeff Miller, Thomas Tancredo, and David Weldon: Proposing an amendment to the Constitution of the United States to repeal the


[Klein:11a,b] Ezra Klein: Herman Cain’s 9-9-9 plan in One Table; & The 9-9-9 plan in One (very-long) graph; Washington Post, 18 & 19 Oct 2011.

[Kleinbard:05] Edward Kleinbard: The Business Enterprise Tax [BEIT]; presented to The President’s Advisory Panel on Tax Reform, USC, May 2005. . business deductions for interest or dividends paid equal to COCA. , annually included by investors. Reduce taxe to reduce Evasion (slide42)


[Kolm:03] Petter Kolm: Trends in Quantitative Finance; 2006, <petter.kolm@gmail.com>


[Krugman:12] Paul Krugman: *End The Depression Now!*; W.W. Norton , 2012. At EPI.(Ch.10)


† Wayne C. Lim: The Economics of Software Reuse; Prentice-Hall, 1998.


Robert E. Litan: Startup Businesses Key to Job Growth; @ Brookings Podcast #138, 18 Nov 2011. Startups, not small businesses in general. Look at age.

Edward Luce: *In Spite of the Gods, The Strange Rise of Modern India*; Doubleday, 2007. 470M workers, 35M pay income tax – work in a formal setting, 21M are civil servants, 14M private organized sector (POS); 1M in IT, 1-2M in foreign companies. 7M in Manufacturing. Productivity of employees in POS was 6x in 1983, in 2000 9x employees in unorganized private sector. Had.


Ray Maddoff: *Two Tricks to Raising Capital-Gains Taxes Fairly*; The National Memo, 16 Feb 2012. the lower rates cost the government a significant amount of revenue. In 2008, if capital gains had been taxed at 35 percent instead of 15 percent, the federal treasury would have received an additional $100 billion. (Capital gains were unusually low that year; in 2007, the increase would have been closer to $200 billion.) In the next five years, the capital-gains preference will cost the government more than $450 billion, according to estimates from Congress’s Joint Committee on Taxation. ... the special capital-gains rate makes it difficult to simplify the tax code. Much of its complexity is due to the myriad rules that are meant to ensure that income is properly categorized as ordinary income or capital gains. Eliminate the rate differential, and the tax code could become far less complex. Fix for gains due to inflation (mainly real estate) up to death. Thus, if a taxpayer invested $100,000 in Apple Inc. in 2006 and died in 2012 when the stock was worth $1 million, that $900,000 profit is never subject to tax. The decedent is not taxed because he didn’t sell the stock, and the heirs are not taxed because they are treated as if they had purchased it for $1 million. Even at 15 percent capital-gains rates, this angel of death loophole costs the federal government about $60 billion each year. It also creates a powerful incentive for people to hold on to their appreciated property until death. This so-called lock-in effect impedes the efficient flow of capital.

Paolo Magrassi: *A Taxonomy of Intellectual Capital*, Stamford: Gartner. 18 July 2002?.


Paolo Magrassi: *A Taxonomy of Intellectual Capital*, Stamford: Gartner. 18 July 2002?.


Shashank Manish and Arun Soni: 'Tax havens and money laundering in India'; <https://www.manta.com/coms2/page_about_manta> data site;


Chuck Marr: Corporate Tax Holiday has No Place on payroll Tax-Cut Extension Bill; Center on Budget and Policy Priorities, 8 Dec. 2011. Discusses CBO graph on Tax repatriation for Job Creation.


Karl Marx: *Das Kapital*; 1867. On Kindle

Aparna Mathur and Kevin Hassett, AEI., same as HassettM:10.


A number of scholars have suggested that vigorous enforcement of the tax laws may be counterproductive because it may suggest that...


Robert M. Morgenthau: Cayman Islands hold $1, 900B; Charlie Rose Interview, 8 April 2009. D.A NY 1975 year 2009 (Son of Henry M. Treasury Sec. 1934-1945?).


Alan Mulally (CEO of Ford): ‘70 % of R&D is associated with manufacturing’; conversation with Charlie Rose; Bloomberg Businessweek, 1 Aug. 2011.


Francis Narin: Globalization of Research, Scholarly Information and Patents – Ten-year Linkage Trends


Ljubica Nedelkoska and Simon Wiederhold: "Technology, Outsourcing, and the Demand for Heterogeneous Labor: Exploring the Industry Dimension"; Jena Economic Research Papers # 2010-52, 2010, Jena Research group on The Economics of Innovative Change; . (simon.wiederhold@uni-jena.de) (Friedrich Schiller University Jena, GK-EIC) and Ljubica Nedelkoska (ljubica.nedelkoska@uni-jena.de) (Research Training Group "Economics of Innovative Change" at the Friedrich Schiller University Jena), Simon Wiederhold


[Obama:08] Barack Obama 2008 ran on a tax plan that included “…reforming deferral to end the incentive for companies to ship jobs overseas”; deferring some deductions until repatriation and curbing the “check the box” regulations that enable multinationals to structure their foreign operations in a tax-favorable manner, Obama-type policy statements imply that multinationals somehow benefit unfairly from a tax system with perverse incentives.4. (<http://www.barackobama.com/pdfltaxes/Factsheet_Tax_Plan_FINAL.pdf>). See [Weiner:09] ??


[OdagiriEa:10] Hiroyuki Odagiri, Akira Goto, Atsushi Sunami, and Richard R. Nelson. (eds.): Intellectual Property Rights, Development, and Catch Up: An International Comparative Study; Oxford University Press, 2010. At Abe books 45+8.91. And Amazon $38. Patents may promote innovation and catch up, and may foster formal technology transfer. Yet they may also prove to be barriers for developing countries that intend to acquire technologies through imitation and reverse engineering. The current move to harmonize the IPR system internationally, such as the TRIPS agreement, may thus have unexpected consequences for developing countries. For most countries, economic development involves 'catching up' with leading countries. This needs more than physical assets and labour: it requires technological capabilities, educational attainment, entrepreneurship, and development of the necessary institutional infrastructure, including intellectual property rights, particularly patents.


server in X leaves all substantial assets and risks with the head office (p.4). If services are provided by an Independent Service Provider (ISP) the conclusion would be similar (p.4.19-). If there is personnel and X assumes sufficient development risk to be considered an economic owner, then commensurate profits are to be attributed to X (p.21,28). Comparables (p.23), Problems (p.27) <have> 

[Olson:02] inversion testimony cited in PalanMC:10

Focus on TAS. Human Capital: More training needed for taxpaper advocacy
[Ordenez:13] Patricia Ordoñez de Pablos (University of Oviedo, Spain), Robert D. Tennyson (University of Minnesota, USA) and Jingyuan Zhao (University of Québec at Montréal, Canada): Intellectual Capital Strategy Management For Knowledge-Based Organizations; To be published by IGI Global http://bit.ly/w7eTgZ.
[Orrel:10?] David Orrel: Economys: critique of `neoclassical economic reasoning’
[Owens:07] Jeffrey Owens Hearing on Offshore Tax Evasion: Stashing Cash Overseas; S. Finance Comm. on Offshore Tax Evasion, 110th Cong. 5, 2007, available at http://www.ceff.uniceanne.fr/documents/owen.doc>. Jeffrey Owens, Director, OECD Center for Tax Policy and Administration; Our research reveals that only four OECD countries (Mexico, Sweden, the United Kingdom and the United States) regularly publish estimates of the tax gap. . . One reason why countries are reluctant to calculate any possible tax gap is that there is no agreed methodology to measure the gap. OECD is currently undertaking work in this area.

Ariel Pakes and Mark Schankerman: Rate of Obsolescence of Knowledge, Research Gestation Lag, and the Private Rate of Return to Research Resources; NBER working paper no.346, May 1979. In [Grilliches 84, pp.73-88] at Rate of Obsolescence of Patents, Research Gestation Lag, and the Private Rate of Return to Research Resources. Lag is 6 month a

Ariel Pakes and Mark Schankerman: Rate of Obsolescence of Knowledge, Research Gestation Lag, and the Private Rate of Return to Research Resources; NBER working paper no.346, May 1979. In [Grilliches 84, pp.73-88] at Rate of Obsolescence of Patents, Research Gestation Lag, and the Private Rate of Return to Research Resources. Lag is 6 month a


Rachel Parker: “Secured facility” solves compatibility Conflicts; Info World, 28 Sep.1987 – reference for clean room software. I used a better one on? in lag paper


The IRS was simply outgunned and outmaneuvered.

Carrying capacity, dieoff, resource depletion.

Unfettered free trade is fundamentally incompatible with social order and stability.

The government must not limit competition or ease standards for safety and environmental impact. Such 'help' actually retards competitiveness by stunting innovation and slowing productivity improvement.

Capitalization of revenues is applied most frequently to service businesses, such as advertising agencies, insurance agencies, mortuaries, professional practices, and some types of publishing operations. It generally tends not to work very well for manufacturing companies.

Weissler, Robert, "EAPA Program Training on Cost Sharing Buy-In Payments," 11 Transfer Pricing Report 533, 10/2/02. Refers to Option values as 'thing Three' and argues they should not be included in the transfer price, although they are included in the market price.
"Methods for the Valuation of Intangibles
Acceptable methods of the valuation of identifiable intangible assets and intellectual property fall into three broad categories. They are either market based, cost based, or based on estimates of future economic benefits. Cost based methodologies, such as the cost to create or the cost to replace, assume that there is some relationship between cost and value and the approach has very little to commend itself other than ease of use”;


[RivardK:89] Edward Rivard & Kate Kaiser: The Benefit of Quality IS; Datamation, Jan. 15, 1989. P. 53 (emphasizing the need to educate management, "especially conservative anagement, on the importance of intangible benefits”).[Schwarz:04]

[Rodrick:98] Dani Rodrik, Why do more open economies have bigger governments? Journal of Political Economy, Oct.1998, 106 (5), 997-1032. Open economies, with more trade, (e.g., Austria, Netherlands, Norway) have larger government sectors than closed economies, which he attributes to their greater demand for public expenditures that cushion the effects of globalization. Based on correlation.


[Rubin:10] Courtney Rubin: Small Businesses fight Offshore Tax havens; Inc Magazine, 20 July 2010. Senator Carl Levin, a Michigan Democrat, is backing the campaign, officially called Business and Investors Against Tax Abuse and to be launched today.

[Rubin:11] Richard Rubin: Deposit $1billion get a massive tax break; Bloomberg Businessweek, 7 Nov.2011. Corporate taxrate 25%, discount of 95% in foreign income, but existing overseas profits pay 5.25%, payable over 8 years, IP based income taxed at 15%, expt in taxhavesn (tax less than 10%) plus penalties for IP income kept overseas.


[Ruding:00] Onno Ruding, Chair; ; EC Survey of 965 EU companies. Median revenue of all was £38.5, and £281,5 for multinationals. Effective EU tax rate for foreign-source income is 11.2%. see [Devereux:92]

[Ryan:10] Dian Ryan 2010: The following story appeared in today's BNA Daily Tax Report. Reprinted with appreciation. TEI Audits and Appeals Seminar - On cost-sharing cases, Ryan said Appeals has completed its work on the IRS's project establishing settlement guidelines. She noted that Appeals referred the guidelines up the chain of command for review April 15. Ryan would not predict when the settlement guidelines would be finalized. Appeals currently has 20 cost-sharing cases on its docket. Ryan said the guidelines would reflect the U.S. Tax Court's Dec. 10, 2009, ruling in VERITAS Software Corp. v. Commissioner, 133 T.C. No. 14. In the case, Judge Maurice Foley held the IRS improperly valued the buy-in payment in the cost-sharing agreement between VERITAS, a U.S.-parented software company, and its Irish subsidiary (236 DTR K-1, 12/11/09).

[Ryan:11] Paul Ryan: The Path to Prosperity, Restoring America’s promise; US Congress, House Budget Committee, 5 April 2011 proposal. A GOP budget. “Article I of the U.S. Constitution grants Congress the power to appropriate funds from the Treasury, pay the obligations of and raise revenue for the federal government, and publish statements and accounts of all financial transactions. By law, Congress is also obligated to write a budget representing its plan to carry out these transactions in the forthcoming fiscal years. While the President is required to propose his administration’s budget requests for Congress’s consideration, Congress alone is responsible for writing the laws that raise revenues, appropriate funds, and prioritize taxpayer dollars within an overall federal budget.

[Rykers:09] Darren Rykers: A Critical Analysis of how Double Tax Agreements can facilitate Fiscal Avoidance and Evasion; The Taxpayer and the Lotus, 17 Nov.2009. <from vaibhav, get reference from Internet, chap 8, tax treaties> Treaty shopping... have “I am very passionate about further education and have completed the CPA program, an MBA from New York Institute of Technology and am currently undertaking a Master of International Taxation at the University of New South Wales school of Law. In addition I have been lecturing in Accounting and Taxation at a number of Australian universities based in Singapore. I am a volunteer with CPA Australia assisting in the mentoring of up and coming CPA’s.”

SSSSSSSSSS


[Saini:11] Angela Saini: A formula for Justice; The Manchester Guardian, 2 Oct 2011. bayes rule. Comment: A well funded prosecution or defence will always be able to buy expert opinion. Justice should be better than this. Indeed if we are to have any confidence in our system of justice it HAS to be better than this. The Court should provide an unbiased expert.


The biggest jumps came at the top of the income ladder. About 18% of Americans earning at least $10 million were audited in fiscal 2010, up from 11% in fiscal 2009, according to the IRS. For those earning $500,000 to $1 million, the audit rate rose to 3.4% from 2.8%. The biggest jumps came at the top of the income ladder. About 18% of Americans earning at least $10 million were audited in fiscal 2010, up from 11% in fiscal 2009, according to the IRS. For those earning $500,000 to $1 million, the audit rate rose to 3.4% from 2.8%.
Senior German Tax Officials: Transfer Pricing: German Positions Shifting on Profit Split And Comparable Profit Methods; *International Tax review*, 1 Oct 1998. Senior German tax officials responsible for Germany’s international tax policies have consistently stated in public that comparable profit methods and transactional net margin methods will not be accepted by the German tax authorities, and that profit splits are only acceptable in rare instances as a method of last resort. They have also frequently expressed their opposition to US-style economic analysis and voiced serious reservations concerning Advance Pricing Agreements (APAs). The rapid globalization of the world’s economies and the trans-nationalization of most major industries...


Vishal Shah and Smit Sheth: Getting a handle on the Mauritius Tax Treaty; *Reuters*, 11 July 2011


Helen Shaw: “Software Capitalization Clouds Comparisons”; *CFO.com*, 26 May 2006. “Although many companies expense their software development costs, according to a new study, differences in accounting approaches can give “the impression that those that are capitalizing are doing better financially.”" Cites [Mulford:06].

Helen Shaw: “Execs: Broken Tax System hurts Business”; *CFO magazine*, 21 Sep. 2006. Quotes Rossotti at Senate hearing. 2.9 changes per working day. Kimberly-Clark’s 2005 tax retrun was 3,300 pages. Nom specific detail, clean slate wanted...


Stephen N. Shay, Partner, Ropes & Gray: Hearing on Banking Secrecy Practices and Wealthy American Taxpayers; *Subcomm. on Select Revenue Measures of the H. Comm. on Ways and Means, 111th Cong. 3–4 , 2009*, discussing the various tax gap estimates. 2001 measure did not include offshore [Shulman:08]

Lee A. Sheppard and Martin A. Sullivan: “Repatriation Aid for the Financial Crisis?"; *Tax Notes*, 5 Jan. 2008. profit multinationals keep offshore with the intention of maximizing tax advantages; between 2003 and 2007, the annual increase in this measure doubled, from $60 billion to $122 billion.

Sherer:65 Application to issue lag 3.5 years. For patents


Shierholz:11 Heidi Shierholz: No jobs for more than three out of four unemployed workers; EPI News, Jan. 11, 2011.


Small:08 Vernon L. Smith: Rationality in Economics: Constructivist and Ecological Forms; Cambridge University Press, 2008. This guide is about centrist economics but you can easily be a libertarian. The Nobel Prize winning economist has created and absorbed all of these modern advances in economics and makes the case for markets in a way that the Friedrich Hayek would love. Not very relevant as I glanced through it <gio>.


[SmithV:97] Smith New Court Ltd v Scrimgeour Vickers (Asset Management) Ltd [1997] AC 254, Lord Steyn said East ‘shows that an award based on the hypothetical profitable business in which the plaintiff would have engaged but for deceit is permissible: it is classic consequential loss.’ Ref is Maurer fraudulently told East he would not run a competing hair salon, so East bought the salon from Maurer. Maurer started run a competing hair salon. East lost business. East then sued Maurer for deceit. Court of Appeal Citations [1991] 1 WLR 461


[SolutionMatrix:07] Ltd, Boston, MA 2007. <http://www.solutionmatrix.com> “Economic Life: The period of actual usefulness of an asset. Economic life refers to the period beyond which it is cheaper to replace or scrap an asset than to continue maintaining it. Not to be confused with depreciable life”;


[Cindy Spitzer, Bob Wiedemer, David Wiedemer: America’s Bubble Economy, Profit when it Pops; Wiley, 2006. Buy Gold <diatribe>


[Standard & Poors:xx] sources for corporate data : Standard & Poors and Moody’s databases to ascertain companies with same SIC code, see also SEC filings and 10-K exhibits for companies in same SIC code;


[Bill Stetar:03] Bill Stetar: Can We Really Measure Training ROI?; slides, DoE training Symposium, Univ. of Tennessee. IP investment.


[Stewart:12D] David Stewart: Cost Sharing Regs Bar Retroactive Adjustments to RAB shares, Officials Say; Tax Notes Today, 14 March 2010. Joseph L. Tobin, senior counsel, branch 6, IRS Office of Associate Chief Counsel (International), explained that the new language added to reg. section 482.7(e)(1) on RAB makes it clear that taxpayers may not use information acquired later to make a retroactive change, but that the IRS may still make retroactive adjustments.


[Stiglitz:12] Joseph Stiglitz: *The Price of Inequality: how todays Divided Society Endangers Our Future*; Norton 2012. Ex World bank, Nobel laureate, now at Columbia Univ. elaboration of his 2011 Vanity Fair article "Of the 1%, for the 1%, by the 1%.” have

[Stout:12] Lynn A. Stout: *The Shareholder Myth*; Berret-Kohler, 2012 slim and elegant polemic, explains the idea's two problems: It's worked out horribly, and as a matter of law, it's not true.[Eisinger:12]. The biggest ill has been to align top executives pay with performance, usually measured by the stock price. This has proven to be "a disaster She advocates what campaigners have called the "Robin Hood tax" — a transaction charge on securities trades. A small tax would curtail zero-sum, socially useless trading and might insulate corporations.


[tttttt]


[TaxF:11] Tax Foundation: National Corporate Tax Rates; <worldwide-tax.com>. United States - 47% (Federal 35% + State maximum 12%) Canada - 36.1% Mexico - 29.0% China - 25.0%


[TewaryEa:12] Akshat Tewary, Alexis Goldstein, Corley Miller, George Bailey, Caitlin Kline, Elizabeth K. Friedrich, Eric Taylor, and others: Re: Prohibitions and Restrictions on Proprietary Trading and Certain Interests in and Relationships With, Hedge Funds and Private Equity Funds (RIN 1557-
U.S. businesses today invest as much in intellectual property and other intangible assets, about $1 trillion, as they do in equipment, factories and other physical investments, according to a Federal Reserve Board study. Intangible assets, including intellectual property, account for nearly one-third of the value of all U.S. stocks, about $5 trillion to $5.5 trillion, or 45% of U.S. GDP. Innovation fueled about four-fifths of the productivity gains during the economic boom of the late 1990s.


Albion Urdank: Can Britain really Proper ‘Unfettered by the EU’?; WSJ, 31 Dec 2011. Cameron acts as a representative of the City of London.


Cameron acts as a representative of the City of London.


Constitution of the United States; 1787.

Article 1, section 8: The power of Congress. 17 Sep. 1787, ratified 21 June 1788.


https://www.appraisalfoundation.org/html/standards.asp?FileName=current_uspap, Jan 2005. Binding rule 9.2 (g)”A hypothetical condition may be used in an appraisal only if: 1. use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison; 2. use of the hypothetical condition results in a credible analysis; and 3. the appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions"

The Appraisal Foundation: . Rule 9.2 binding requirements from which departure is not permitted

(g) any hypothetical conditions necessary in the assignment.

Comment: A hypothetical condition may be used in an appraisal only if:

use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison;

use of the hypothetical condition results in a credible analysis; and

the appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions.

An Analysis of the New Armey-Shelby Flat Tax Proposal; U.S. Treasury Department, Office of Tax Analysis, 1995. Flat tax is like VAT, but also taxes individuals, but businesses can deduct labor costs. In this revenue and distributional analysis of one flat tax proposal it is
concluded that it would be revenue-neutral at a 20.8 percent rate. This report was also published in *Tax Notes*, vol. 70 no.4 (Jan.22, 1996), pp.451-61. Existing proposals would, however, tend to increase the relative tax burden on the middle class.


[Walden:05] Eric A. Walden: Intellectual Property Rights and Cannibalization in Information Technology Outsourcing Contracts; MIS Quarterly, Vol.29 No.4 - Dec.2005, 699-720. Importance of SW. SW as an outcome to be allocated (not divided as in first par.) (but it is also an input!). Lengthy intro with too many examples of tangibles. The last sentences p.702, col.2, par 1. are dumb, because they suppose that investment is more than the value garnered, The reasoning does not apply at all to cost-shared SW development. Since we base value on income, value is verifiable (p.705, col.2 last par). Excludability implies risks in offshoring (p.706, col.1. Last par.), including cannibalization (p.711, col.1). The payoff alternatives could be interesting in comparing technical R&D investments and marketing investments. But the model assumption is throughout that all parties share the market, but in CFC contracts the markets are always contractually disjoint, say North-America versus the rest of the world. This choice is not listed as an alternative in Table 3. Globalization.


MarkleS09. Elimination of deferral


Darrell M. West, Technology and the Innovation Economy„, Governance Studies, The Brookings Institution, Oct.24, 2011. The United States spends only 2.8 percent of its federal budget on national research and development as a percentage of GDP. This is less than the 4.3 percent spent by the government in Sweden, 3.1 percent by Japan, and 3.0 percent by South Korea, but higher than that of Germany (2.5 percent), France (2.2 percent), Canada (1.9 percent), or England (1.9 percent). Europe as a whole devotes 1.9 percent to research and development, while industrialized nations spend around 2.3 percent. [x] If one adds together all the science and technology workers in the United States as a percentage of the workplace, 33 percent of American employees have science or technology positions. This is slightly less than the 34 percent figure for the Netherlands and Germany, but higher than the 28 percent in France and Canada. [xii] Michael Arndt: “Ben Franklin, Where Are You?” Business Week, Jan.4, 2010, p. 29. [xi] Organisation for Economic Co-Operation and Development, Science and Technology Statistical Compendium, 2004. [xii] Organisation for Economic Co-Operation and Development, Science and Technology Statistical Compendium, 2004.


[Wittendorf:] Jens Wittendorff: Transfer Pricing and the Arm’s length Principle in International Tax law; Kluwer. 2010. “If market imperfections in an industry make it economically optimal to internalize a particular activity, then all things being equal this will happen and associated enterprises will outperform independent enterprises” (p.783). Only a casual mention of taxhavens.


[Wyden Gregg] tax reform : exclude 2nd residences, home equity loans, and mortgages over $500,000. See BowlesS10 draft slides. Permanent tax credit eliminate domestic production , LIFO accounting, oil and gas, change depreciation. Territorial tax.


Other versions:


Licensing Economics Review (a journal)

**Government's End** by Jonathan Rauch The implicit assumption has been that whenever markets fail the government will do a better job. That is an odd assumption. This book is basically an introduction to public choice theory. It explains how special interests corrupt government. For a more sophisticated version see The Myth of the Rational Voter: Why Democracies Choose Bad Policies (New Edition)


**Gut Feelings: The Intelligence of the Unconscious** by Gerd Gigerenzer Behavioral economics is often used as a club to declare that people are irrational. But many forms of allegedly rational behavior are actually efficient. Real people are better at cooperating than Homo economicus.
Other versions:
Other versions:
Other versions:
Other versions:
Other versions:
Other versions:

9-Dec-11
HMAT
©Gio Wiederhold
Other versions:
Other versions:

From Vaibhav CS207


9.

---

i Business Week, August 31, 1998