1. COURSE DESCRIPTION, OBJECTIVES AND PREREQUISITES

1.1. COURSE DESCRIPTION

International Transfer Pricing. (3-0). Credit 3. International transfer pricing is the valuation of cross-border transactions between units of a multinational enterprise. This graduate seminar introduces students to both theoretical and practical aspects of transfer pricing. Topics include: valuation of cross-border transactions between units of a multinational enterprise; includes internal and external motivations for transfer pricing, managerial and economic approaches, estimates of transfer manipulation, arm’s length standard, U.S. and OECD rules and procedures, tax court cases, and ethical dilemmas. Prerequisite: Graduate classification. Cross-listed with INTA 663 and ECON 689.

1.2. COURSE OBJECTIVES

International transfer pricing involves the pricing of products (goods, services and intangibles) when they are traded among subunits of a multinational enterprise (MNE). For example, the pricing of goods manufactured by a parent firm that are sold to a wholly owned distributor in another country, the licensing of intangible assets to a foreign subsidiary, and the valuation of engineering services provided by one affiliate to another are all examples of international transfer pricing. In addition to internal motivations for setting transfer prices, such as efficient resource allocation and divisional autonomy, MNEs are also subject to external regulation from customs, income tax and other governmental authorities. These government entities regulate transfer prices in order to prevent transfer price manipulation, that is, the over/under valuation of intragroup transactions designed to avoid or arbitrage government regulations.

This graduate seminar provides a broad survey of the scholarly and practitioner literatures on transfer pricing, from both the MNE and government perspectives. The course draws from a variety of disciplines including accounting, economics, finance, international business, management, political economy and

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1 This course is cross-listed in three departments/colleges as MGMT 663, INTA 663 and ECON 689. ECON 689 is a temporary number that will later change to ECON 663. I use “MGMT 663” as a short form for all three cross-listings.
public policy. The course introduces students to the published research on transfer pricing in both scholarly and professional journals, and to prepare students for professional careers in transfer pricing.

This course has three main objectives:

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

- A second objective is to prepare students for a professional career in transfer pricing. Many of the students in this course will be actively on the job market seeking fulltime employment or internship opportunities in transfer pricing. A variety of activities inside and outside of the course are designed to help students transition into a fulltime career in this area.

- A third objective is that a student who successfully completes this course should also be able to successfully pass Exam III: Transfer Pricing and qualify for the ADIT Transfer Pricing Certificate offered by the Chartered Institute of Taxation (COIT) as part of COIT’s Advanced Diploma in International Taxation (ADIT). (Students are responsible for their own costs associated with taking the COIT exam.)

1.3. COURSE PREREQUISITES

Graduate students who take MGMT 663 are typically doing so for one of two reasons: (1) the students have a primary interest in transfer pricing (they want a career as a transfer pricing economist/professional), or (2) the students have a secondary interest in transfer pricing (for example, they are rounding out a program of study in a related field such as taxation, valuation, auditing or anti-money laundering). PhD students may also be interested in conducting research or teaching in this area.

The course has been designed specifically for students in three departments/colleges at Texas A&M:

- Masters and PhD students in the Mays Business School (especially Accounting, Finance and MBA students).
- Masters students in the George Bush School of Government and Public Service (especially Masters in International Affairs students).
- Masters and PhD students in Economics or Financial Economics in the department of Economics.

Other graduate students who are advised that this course is important for their programs or career interests are welcome as space permits.

MGMT 663 is a required course for the Transfer Pricing sub-track within the Tax Track of the Professional Program in Accounting (PPA). The course is also required for Professor Eden’s Transfer Pricing Module. Please speak to Prof. Eden if you want more information about either of these programs.

All students in MGMT 663 must be registered as graduate students at Texas A&M University, and must have some background (at least one undergraduate or graduate course) in Economics (especially Microeconomics) since the reading materials assume a basic knowledge of economic theory. Students who are a good fit for transfer pricing careers have as a background:
• Economics training (especially microeconomics, international trade, taxation).
• Accounting and finance training (especially international and/or tax).
• Training in quantitative research methods (e.g., statistics, Excel, STATA).
• Excellent oral and written English skills.

Normally, students seeking transfer pricing careers will also have taken prior to graduation:
• ACCT 647: Financial Statements Analysis.
• A graduate seminar on multinational enterprises; e.g., ECON 617: Economics of the Multinational Firm, MGMT 679: International Business Policy or MGMT 667: Multinational Enterprises.
• At least one course in a related area based on the student’s interests and background. (Some examples are international finance, energy economics, asset valuation, corporate tax, intellectual property). Please see Dr. Eden for advice on recommended courses.

2. LEARNING OUTCOMES

A learning outcome is defined as a statement of what the student will know or be able to do upon successfully completing a course at Texas A&M. Learning outcomes must be observable and measurable. There are two types of learning outcomes in this course: knowledge content and practical skills.

In terms of knowledge content, a student who successfully completes this course should be able to:

• Explain core concepts such as transfer pricing, intrafirm trade, the arm’s length standard, advance pricing agreements, section 482 and the OECD guidelines, and functional analysis.
• Discuss the multinational enterprise’s internal and external motivations for transfer pricing.
• Discuss transfer pricing from a managerial perspective.
• Explain the economic theory behind the transfer pricing methods.
• Explain the linkages between business strategy, the value chain and functional analysis.
• Analyze how government regulations affect the MNE’s choice of transfer pricing methods.
• Critique empirical work that has been done on estimating transfer price manipulation.
• Explain the basics of international taxation.
• Explain the key components of US and OECD transfer pricing regulations.
• Explain the historical evolution of transfer pricing regulation in the United States and the OECD.
• Discuss and compare the basic transfer pricing methods for goods, services and intangibles in terms of their advantages and disadvantages, and the selection of a best method.
• Discuss the differences and similarities between the US and OECD rules on transfer pricing.
• Analyze and critique landmark transfer pricing court cases.
• Discuss ethical issues with respect to transfer pricing.
• Discuss current issues in the professional transfer pricing literature.
• Analyze and critique transfer pricing articles in scholarly and professional journals.

In terms of practical skills, students who successfully complete this course will have practical skills in:

• Selection of the best (most appropriate) transfer pricing method for particular situations.
• Preparing transfer pricing documentation using Thomson Reuters OneSource Transfer Pricing Documentation software.
• Valuing Intangible property using ktMINE’s Royalty Rate Finder software.
• Analyzing and answering previous ADIT Transfer Pricing examination questions.
3. TEXTBOOK AND RESOURCE MATERIALS

3.1. REQUIRED READING MATERIALS

- Cole, Robert and William Byrnes. *A Practical Guide to U.S. Transfer Pricing* (third edition), published by Lexis Nexis (Nov/Dec 2014). The book is available for purchase at the Texas A&M Bookstore. Please purchase the hard-back version of the book (the one in a five-ring binder with loose-leaf pages). We have a special educational price for the book of $218 (the regular price is $533). Note: there is also a digital e-book version, but I want you to have the hard-back one for class. (You will take out and carry with you to class only the pages needed for that week’s reading so will not have to carry the whole thing to class.) If you wish to purchase the e-book version too, you may do so also at the $218 price, but must buy it directly from Lexis Nexis; please speak to me for the information on purchasing the e-book also.)

- We will also be reading US and OECD transfer pricing documents along with relevant journal articles and book chapters as required readings for each class. These readings will normally available from the eCampus course web portal. Please bring printed copies with you to class for discussion. Students are responsible for their own printing costs.

- I will from time to time post copies of my lecture notes on the eCampus web portal. Please check the portal, print a copy and bring the notes with you to class.

3.2. OTHER READING MATERIALS

- Electronic copies of key government documents (e.g., the OECD Transfer Pricing Guidelines, US Section 482 Regulations, the 1988 US Treasury White Paper, and the most recent transfer pricing reports by the Big Four accounting firms) are also available for download from eCampus.

- Optional Readings: A list of optional (non-required) readings is included for each topic for those students who want to read more deeply on a particular topic. These readings are generally available on the eCampus web portal, but will not be discussed in class.

- Professional Transfer Pricing Journals: We will read articles in several of the professional transfer pricing journals this semester. The one we will read most often is *Tax Management Transfer Pricing Report* (TPR). All of these journals are available online through the TAMU Library. Go to http://library.tamu.edu, click on “e-Journals and enter “transfer pricing” or go to the library page created specifically for this class and click on the relevant journal (see below).

- TAMU Transfer Pricing Resources: A list of and links to professional transfer pricing and tax e-journals, datasets and resources, available through the TAMU Library, is posted at: http://guides.library.tamu.edu/mgmt663. I thank TAMU Librarian Jared Hoppenfeld for assembling this page for our class.

3.3. SOFTWARE/DATASETS/WEB-BASED RESOURCES

Instructions on how to access these software resources will be provided to you at the beginning of the semester. Please note that access is strictly limited to students in MGMT 663 and your password/log-in may NOT be shared with anyone else. Also, access is ONLY permitted for educational and scholarly
research purposes and may not be used for any other purpose (e.g., consulting). Your accounts will expire at the end of the semester. I thank both Thomson Reuters and ktMINE for making their software programs available for use in this course.

- **Bureau van Dijk Transfer Pricing Catalyst**: Bureau van Dijk has provided us with electronic access to the firm’s transfer pricing software and its new country-by-country reporting package. We will be using the software in a country-by-country reporting and global formulary apportionment project (team project #1).

- **Thomson Reuters OneSource Transfer Pricing Documenter**: Thomson Reuters has provided us with electronic access to the firm’s transfer pricing documenter software and two of its company databases. We will be using the software to do a functional analysis, selection of the best method and preparation of a contemporaneous documentation package (team project #2).

- **ktMINE Royalty Rate Finder**: ktMINE has provided us with electronic access to the firm’s transfer pricing software and its database of royalty rates for intangible assets. We will be using the software to select the best transfer pricing method for pricing a related party transaction involving intangible assets (team project #3).

- **Wharton Data Research Services (WRDS)**: We will have a class account on WRDS (Wharton Data Research Services). This account will be used by the students to find company-level data that to supplement the team based assignments.

### 3.4. OTHER LEARNING RESOURCES

- **Visiting Speakers**: Normally, about six visiting speakers will visit the course over the semester. The guest speakers may participate directly in class, or offer a brown bag seminar outside of class times. We will use SKYPE to bring some transfer pricing professionals in our class on relevant issues.

- **Transfer Pricing Aggies**: I run a LinkedIn group for current and former students who have transfer pricing interests. You are encouraged to set up a LinkedIn account (http://www.linkedin.com) and to join this group. I also recommend joining some of the specialized transfer pricing groups on LinkedIn and following the discussions.

- **Web Seminars**: In addition to its Transfer Pricing Documenter software, Thomson Reuters and the Big Four accounting firms frequently offer web seminars with guest speakers on practical transfer pricing issues. Students will be informed when these seminars are offered and invited to listen and participate as their schedule permits.

### 4. TEACHING FORMAT

#### 4.1. AN INTERACTIVE TEACHING FORMAT

This course will be taught as a graduate seminar. Students are expected to attend all classes, to have read and absorbed the required readings before class, and come to class prepared to discuss and critique the readings. Normally, the class will start with the instructor providing a general overview of the topic, and then we will dissect the readings one at a time. Regularly, I will ask a student to start the discussion on an article by providing an overview of its concepts so students should come prepared for this, and to discuss
each reading in some depth.

When we are studying government regulations (e.g., US Treasury Regulations 482 and the most recent OECD Transfer Pricing Guidelines), I will post on the course eCampus web portal my copy of the relevant part of the regulations, annotated with highlighted sentences and phrases and my side comments. I recommend you print my annotated copy and bring that with you to class. I will put my annotated copy up on the classroom screen and we will work through the reading focusing on the highlighted parts.

We will make extensive use of the eCampus course web portal. The portal will be the primary method by which I contact students outside of class, and I request you do the same for reaching me. For example, students will use the portal for posting their assignments; and FAQ pages will be used for answering student questions related to assignments and tests.

4.2. HOW TO MANAGE THE REQUIRED READINGS

My recommendation on how to prepare for each class are below:

- Each class typically includes about 50-60 pages of required readings.
- Download copies of the required readings at least a week or two before class.
- If I have posted lecture notes, please read them first as an overview.
- Read the textbook first so you have an overview of the topic.
- Do the individual readings three times, at different times staggered over the week.
  - First, read them all quickly at one sitting to get an overview of the topic.
  - Second, read each piece slowly, 1-3 pieces per day, where you underline key sections and write brief notes in the margins. (For example, carry a couple of articles with you and, when you have some time, read one.)
  - Third, the night before class, read through everything again and highlight key sections.
- If you have time or are particularly interested in a topic, I recommend also looking at one or more of the optional (non-required) readings.
- Bring your copies of the required readings with you to class.
- Laptops are not permissible in class so you will need the actual papers in order to follow along with the class discussion.

4.3. NO LAPTOP POLICY

This class follows a “no laptop” policy, which means that laptops, iPads, mobile phones and other electronics are banned during class. If you bring them to class, turn them off at the beginning of class and put them away for the duration of the class. There is strong empirical evidence that the use of electronics during class is distracting for students and leads to poorer performance, both for the student using the electronics and those around them. Materials on this topic are posted on eCampus.

No recording devices may be used during class, unless a student has special permission to do so due to a disability and has discussed the matter with me at the beginning of the semester.
5. GRADING POLICIES

The grading system for this course is out of 100 points, as outlined in the table below:

<table>
<thead>
<tr>
<th>Grade Component</th>
<th>Points</th>
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<tbody>
<tr>
<td>Weekly Quizzes</td>
<td>40</td>
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<tr>
<td>Team Assignments</td>
<td>35</td>
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<tr>
<td>Professional Interview</td>
<td>20</td>
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<tr>
<td>Final Exam</td>
<td>5</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
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The grading system is Texas A&M is A (90-100 percent), B (80-89 percent), C (70-79 percent), D (60-69 percent) and F (below 60 percent). Since this is a graduate course, the passing grade is a minimum of 80 percent.

A grade of Incomplete will only be given under rare circumstances (e.g. a major illness). An incomplete grade (I) is given for coursework deficiency and not for performance deficiency. Texas A&M's regulations state: A temporary grade of ‘I’ (Incomplete) at the end of a semester or summer term indicates that the student (graduate or undergraduate) has completed the course with the exception of a major quiz, final examination or other work. The instructor shall give this grade only when the deficiency is due to an authorized absence or other cause beyond the control of the student.

5.1. WEEKLY QUIZZES (40 POINTS)

Almost all Monday classes will start with a short (15 minute) written quiz on the materials covered in the previous week’s two classes. My best estimate is that there will be eight quizzes this semester, but there could be as many as 10 and as few as 6 quizzes depending on the actual course timetable. Each quiz will consist of short-answer questions, numerical problems and/or multiple choice questions.

If a student misses a quiz and:
- Does not have a University approved excuse, the missed quiz will receive a zero grade.
- Has a University approved excuse, the student may either (1) take a substitute quiz with the instructor within one week of the missed quiz as a replacement, (2) count the missed quiz as a “drop” quiz (see below), or (3) receive a zero grade for the quiz.
- University-approved absences are outlined in the section below on “Make-Up Policy”. Note that job interviews are NOT a University approved absence.

Drop Quiz: Students may “drop” one quiz from the final grade calculation, in one of two ways: (1) either the student may miss one quiz without penalty or (2) the instructor will drop the lowest quiz grade from the final grade calculation for each student.

5.2. TEAM ASSIGNMENTS (35 POINTS)

- Team Assignment #1: BvD Transfer Pricing Catalyst (due Wednesday February 24, 2016)
- Team Assignment #2: Thomson Reuters OneSource Documenter (due Wednesday April 6, 2016)
- Team Assignment #3: ktMINE Royalty Rate Finder (due Monday April 25, 2016)

Students will be grouped into teams at the beginning of the semester; teams will consist of two or three
members depending on overall enrolment in the course. There will be three team-based assignments. Late assignments will be penalized one-half point per day late (e.g., from 8/10 to 7.5/10, using a 10-point scale). More specific instructions for each of the assignments will be posted on eCampus.

5.3. PROFESSIONAL INTERVIEW TERM PAPER (20 POINTS)

- Due date for interview paper: Monday, May 2, 2016

Students must interview a professional who has a minimum of four years of practical experience in transfer pricing. Individuals who have been interviewed previously for this course cannot be interviewed again; a list of previous interviewees will be posted on eCampus. Interviewees must be at the senior associate/consultant level or above; interviewees at the senior manager level or higher are preferred.

Do NOT leave this assignment to the end of the semester as time is needed to find an appropriate interviewee, complete the interview, and write a high-quality term paper. Note that students are expected to find their own interviewee; if the instructor’s help is needed to find an interviewee, the maximum possible grade on the term paper is reduced is 14 points.

Each student will write a typed, double-spaced paper in 11 point Times Roman, approximately 10 pages in length, on their interview. Tables, charts and references do not count in the page limit, and should be attached to the end of your paper.

The interview project covers the following six topics:

1. **Brief information about the organization where the individual works** (size, nationality, activities performed, years the organization has been in operation).
2. **General information about the individual** (education, experience, job characteristics, experience and responsibilities, longevity with the firm and in this position).
3. An example of the **most typical transfer pricing situation** that the individual or organization handles on a regular basis, and how the individual or organization handles this typical situation/case. Please note that the names of the company(ies) involved in the situation may be disguised for confidentiality. Link this to materials covered in class.
4. An example of one of the **most difficult transfer pricing situations** that the individual or organization has faced and how the organization/individual handled this difficult situation/case. Please note that the names of the company(ies) involved in the situation may be disguised for confidentiality. Link this to materials covered in class.
5. What **key lessons about transfer pricing** has the individual learned over the course of his/her career in transfer pricing. Link this to materials covered in class.
6. What **advice or recommendations for students** who want to make transfer pricing a full-time career would the individual like to share with the students in this course.

Your paper must be submitted to [http://www.turnitin.com](http://www.turnitin.com) and receive a “green-OK” rating before the paper is submitted to the instructor. Please attach a screen shot showing the Turnitin.com rating along with your paper. The paper must be free of grammatical errors and typos. Papers with major problems will lose one-half grade (the grade will drop from 9/10 to 8.5/10, using a 10-point scale, for example).

Your paper must be (1) emailed to the instructor as a MS Word DOC file, (2) posted on eCampus as a PDF file so that other students may read it, and (3) deposited as a printed copy with the course instructor, on or before the due date. Late assignments will be penalized one-half point per day late (e.g., from 8/10 to 7.5/10, using a 10-point scale).
Grading: Please note that a key factor determining the grade for this project will be the student’s ability to link insights from the interview to the materials we covered in class during the semester; that is, to link the practical “real world” problems and issues faced by a transfer pricing professional to the scholarly and professional readings we have discussed in class.

The second part of this assignment is a class discussion of the students’ Interview Projects, as part of the Final Examination for this course (see section 5.4 below). Students must prepare and bring a one-page summary of their interview projects with them to the Exam. Students will make 1-3 minute presentations of their interviews and then discuss similarities and differences across the interviews. More information will be posted on eCampus.

More specific instructions on the interview project will be posted on eCampus.

5.4. FINAL EXAMINATION (5 POINTS)

- Final Exam date: Friday May 6, 2016 from 3:30-5:30 pm in 181 Wehner

The Mays Business School requires all graduate courses to have a final examination held on the University assigned examination date/time. The exam will be held in our regular classroom.

The exam will consist of in-class presentations and discussions of the student Transfer Pricing Interview Projects (see section 5.3).

A student who misses this exam will receive a zero grade for the exam unless they have a University approved excuse. Any make-up for missing this exam would be at the discretion of the instructor since final grades for all students must be filed on or before the University deadline.

6. ACADEMIC INTEGRITY STATEMENT AND POLICY

Aggie Honor Code: “An Aggie does not lie, cheat, or steal or tolerate those who do.”

Upon accepting admission to Texas A&M University, a student immediately assumes a commitment to uphold the Honor Code, to accept responsibility for learning and to follow the philosophy and rules of the Honor System. Ignorance of the rules does not exclude any member of the Texas A&M University community from the requirements or the processes of the Honor System. For additional information please visit http://aggiehonor.tamu.edu/. On course work, assignments, and examinations at Texas A&M University, students will be asked to sign the following Honor Pledge: “On my honor, as an Aggie, I have neither given nor received unauthorized aid on this academic work.”

All suspected violations of the Aggie Honor Code must be submitted to the University Honor Council, and penalties are determined by the Council. See http://www.tamu.edu/aggiehonor/known.html.

Students must complete projects and exams alone unless they are explicitly listed as team based. Note that penalties for team projects apply to all members of the team, even if only one member committed the infraction. For example, plagiarism in one section of a project written by one team member will result in all team members being penalized. Therefore, all team members should double check the work of their team mates prior to submission.
It is not acceptable to submit a paper (or part of a paper) that was completed for another course for credit in this course since this is 'double counting' (i.e., receiving credit twice for the same piece of work). This activity is called complementarity. If you wish to incorporate research you completed in another course for credit in this course, the prior work must be cited and the instructor's permission requested in advance. If complementarity occurs, the piece of work will receive a zero grade.

Written assignments and papers for this course must be submitted by each student through http://www.turnitin.com to be checked for plagiarism. (See section below on turnitin.com.)

7. WRITING SKILLS

Note that all written work will be graded, not only for content, but also for grammar, writing style, organization and presentation of material. The mark for poorly written work with frequent misspellings and grammatical errors will be reduced by one complete grade (from B+ to B, for example).

Employers stress that the quality of an individual’s writing is one of the most valuable skills that employers look for when hiring new staff. Business today is almost entirely driven by communicating with others, most often in writing: presentations, memos, business proposals, training materials, etc. Lack of high-quality writing skills is a major handicap to students looking for a well-paying, interesting job in today's economy. In this course, students will do a team-based project, which involves research leading to a 10-page paper and a PPT presentation in front of the rest of the class. The paper can be included in student Writing Portfolios. Students will use Turnitin.com, which will help them learn how to avoid plagiarism and write more effectively. Take advantage of these opportunities to improve your communication skills.

The need for excellent written and oral English skills is particularly important for careers in transfer pricing and related areas (tax, valuation, auditing, consulting) because of the need to prepare written and oral briefs for clients and tax authorities. Excellent oral and written English skills are perhaps the single most important soft skill in demand by transfer pricing professionals.

In this course, students will have several opportunities to improve their set of “soft skills”, especially writing skills. Students will be given a self-diagnostic test early in the semester, which will provide an estimate of each student’s skill level and point out areas where remedial help is needed. Student assignments provide practice with writing and oral presentation skills. Students will use Turnitin.com, which will help them learn how to avoid plagiarism and write more effectively. Take advantage of these opportunities to improve your communication skills.

In addition, students who need extra help with writing should consider using:

- A grammar workbook such as Hacker and Van Goor. 1998. Bedford Basics: A Workbook for Writers.
- A grammar and writing reference book such as Diane Hacker’s A Writer’s Reference. (Note: There are multiple editions and versions; check also for student discounts.)
- Bedford Exercise Central provides free diagnostic tests and tutorials online; see: http://bcs.bedfordstmartins.com/exercisecentral/Home.aspx
- An editing software program such as Stylewriter that can be attached to your word processing program (http://www.stylewriter-usa.com).
- The University Writing Center also provides small group courses on writing.
- Turnitin.com now incorporates a Grammar Checking program.
8. TURNITIN.COM

All written work (except for tests and numerical assignments) must be submitted to http://www.turnitin.com to be checked for plagiarism and receive a “green” (acceptable) rating before being submitted to the instructor. Please attach a PDF of the Turnitin.com rating to your assignment or email the PDF to the instructor. The purpose of using Turnitin.com is to help the student avoid unintentional plagiarism. By submitting papers ahead of time, students receive a “grade” from Turnitin.com, which identifies passages considered to be too close to someone else’s work. Because the system allows the student to revise and resubmit as many times as needed, without penalty, both the student and the instructor are assured that the paper has met at least minimal standards of compliance with the Aggie Honor Code.

Class ID: ____________ Enrollment Password: ________________________ (distributed in class)

9. ATTENDANCE POLICIES

9.1. ATTENDANCE EXPECTATIONS

The University views class attendance as an individual student responsibility. Students are expected to attend all classes and complete all assignments and tests during the semester. Students who miss a class should email the instructor (leden@tamu.edu), noting the reason for their absence from class. If a student knows that he/she will be missing a class, please email the instructor ahead of time with this information. Students who are requesting an excused absence are expected to uphold the Aggie Honor Code and Student Conduct Code.

Please come to class on time and do not leave until class is over. However, if you must leave class early for some special reason, please let me know at the beginning of the class, and then sit by the exit door so you can leave with minimal distraction to your neighbors. Similarly, if you expect to arrive late – or to miss class completely --- please let me know ahead of time by email or phone call. Please note that I would prefer you come late rather than miss class.

9.2. CLASS PARTICIPATION

This is a graduate seminar; it is a discussion based, active learning course. This course is designed to train you to become a junior (beginning) transfer pricing professional and therefore I expect you to treat the course as equivalent to an internship where you are actively engaged in your own learning. Students are expected to attend all classes, having read the required readings before class, and to actively participate during class. Students should come prepared to discuss each reading in some depth.

Students who anticipate missing a class should email me in advance to let me know they will be absent. Given the large size of the class (24 students in each section), I will be “cold calling” on students to encourage oral participation by all members of the class. At the same time, students are expected to not waste class time with frivolous or unhelpful comments that are unrelated to class materials so that everyone has an opportunity to ask questions and share their views.

Good citizenship (helping) activities are also part of class participation. For example, alerting students to outside readings relevant to the course, helping with visiting speakers, carpooling for class events and
explaining materials to students who do not understand a concept, are all examples of good citizenship behaviors.

Formal grading of each student’s class participation is not part of the grade calculation in this course so students will not receive a grade for class participation. However, class participation may matter for the final grade. For example, in cases where the final grade lies at the border between two letter grades, students who have been regular and effective oral participants in class discussions will be more likely to earn the higher letter grade.

9.3. MAKE-UP POLICY

If an absence is excused, the instructor will either provide the student an opportunity to make up any quiz, exam or other work that contributes to the final grade or provide a satisfactory alternative by a date agreed upon by the student and instructor. If the instructor has a regularly scheduled make up exam, students are expected to attend unless they have a university approved excuse. The make-up work must be completed in a timeframe not to exceed 30 calendar days from the last day of the initial absence.

The reasons absences are considered excused by the university are listed below. See Student Rule 7 for details (http://student-rules.tamu.edu/rule07).

- Participation in an activity that is required for a class and appears on the university authorized activity list at https://studentactivities.tamu.edu/app/sponsauth/index
- Death or major illness in a student's immediate family.
- Illness of a dependent family member.
- Participation in legal proceedings or administrative procedures that require a student's presence.
- Religious holy day.
- Injury or illness that is too severe or contagious for the student to attend class. (to be determined by the Student Health Center or an off-campus physician)
- Required participation in military duties
- Mandatory admission interviews for professional or graduate school that cannot be rescheduled

Other absences may be excused at the discretion of the instructor with prior notification and proper documentation.

Authorized vs. sponsored activities

- An authorized activity is “required due to mandatory participation in a University activity or necessary as a requirement for an official University class.” Examples: class field trips which are required for the class; intercollegiate athletic events; required ROTC training exercises
- An authorized activity is an excused absence, and students with official documentation of that activity are to be afforded an opportunity to make-up missed work in accordance with Student Rules
- A sponsored activity is an activity “sponsored by academic and non-academic departments, administrative entities, and/or recognized student organizations but not required as part of an official class.” Examples: field trips sponsored by student organizations; tour of Singing Cadets; Aggie Orientation Leaders trip to a conference.
- A sponsored activity is not considered an excused absence per the definition above, although instructors are encouraged to use their discretion in working with students regarding missed work for sponsored activities.
Prior Notification and Documentation

The fact that these are university-excused absences does not relieve the student of responsibility for prior notification and documentation. Failure to notify and/or document properly may result in an unexcused absence. Falsification of documentation is a violation of the Honor Code. This policy will be strictly enforced. In cases where prior notification is not feasible (e.g., accident or emergency) the student must provide notification by the end of the second working day after the absence, including an explanation of why notice could not be sent prior to the class.

10. AMERICANS WITH DISABILITIES ACT (ADA) POLICY STATEMENT

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please contact Disability Services, currently located in the Disability Services building at the Student Services at White Creek complex on west campus or call 979-845-1637. For additional information, visit http://disability.tamu.edu.

Please also see the Course Instructor at the beginning of the semester to discuss the options for disability accommodation. If, due to a disability or extraordinary circumstances, you need special accommodations or help in completing course requirements, you must notify the instructor BEFORE the exam or assignment due date. See also http://disability.tamu.edu/requestingaccommodations.

11. MAYS FOOD & BEVERAGE POLICY

We have beautiful and state-of-the-art classrooms in the Wehner Building and Cox Hall. We want to maintain the high quality of these classrooms for the students in future years. Thus, it is necessary for you to adhere to the established policy of NO BEVERAGES, FOOD, TOBACCO PRODUCTS, OR ANIMALS (unless approved) within the Wehner Building and Cox Hall classrooms. Your assistance in enforcing this policy is greatly appreciated.

12. SYLLABUS AND SCHEDULE CHANGES

- The course syllabus and/or timetable may be amended or changed as the semester progresses at the instructor’s discretion. Components of the Timetable are subject to change at the instructor’s discretion (e.g., shifting or changing of topics or dates). In addition, the actual number of quizzes may be less than the number shown here depending on visiting speakers and other course commitments.

- It is the student’s responsibility to stay informed about class schedules and policies. The information you need is included in this Syllabus, and on the course web portal. Students are responsible for checking on eCampus for the most recent version of the course Syllabus and Timetable. Students are strongly urged to check the course web portal on a daily or bi-weekly basis, and definitely before each class.

- If you are unclear about any policies or other information with respect to the course, please ask Professor Eden or email leden@tamu.edu.
13. **COPYRIGHT ISSUES**

All handouts in this course are copyrighted, including all materials posted on eCampus.

“Handouts” refers to all materials generated for this class, which include but are not limited to the syllabus, class notes, quizzes, exams, lab problems, in-class materials, review sheets, and additional problem sets.

You have the right to download materials from the course website for your own use during this class; however, because these materials are copyrighted, you do not have the right to copy the materials for other purposes unless the instructor expressly grants permission.

You also do not have the right to sell or otherwise distribute all of these course materials to any individuals or organizations without the explicit written permission of the instructor.

No recording devices may be used during class, unless a student has special permission to do so due to a disability and has discussed the matter with me at the beginning of the semester.

12. **TEXAS A&M SPRING 2016 ACADEMIC CALENDAR**

- January 15 Friday, 5 p.m., Last day to register for spring semester classes.
- January 18, Martin Luther King, Jr. Day, Faculty and staff holiday.
- January 19 Tuesday, First day of spring semester classes.
- January 25 Monday, 5 p.m., Last day for adding/dropping courses for the spring semester.
- February 3 Wednesday, Spring official census date.
- February 19 Friday, Last day to apply for all degrees to be awarded in May without a late fee.
- March 7 Monday, 12 p.m. (noon), Mid-semester grades due.
- March 14-18, Monday-Friday Spring Break
- March 17-18 Thursday-Friday, Faculty and staff holiday.
- March 25 Friday, Reading day, no classes.
- April 19 Tuesday, 5 p.m., Last day for all students to drop courses with no penalty (Q-drop).
- April 21 Thursday, Muster, Campus ceremony.
- May 02 Monday, No regular course examinations shall be given.
- May 03 Tuesday, Last day of classes for spring semester classes.
- May 03 Tuesday, Redefined day, students attend their Friday classes. No regular course exams.
- May 04 Wednesday, Reading day, no classes.
- May 05 Thursday, Spring semester final examinations
- May 06 Friday, Spring semester final examinations
- May 09 Monday, Spring semester final examinations
- May 10 Tuesday, Spring semester final examinations
- May 11 Wednesday, 6 p.m., Grades due for all degree candidates in Howdy.

Source: [http://registrar.tamu.edu/General/Calendar.aspx](http://registrar.tamu.edu/General/Calendar.aspx)

See also TAMU Final Exam Schedule: [http://registrar.tamu.edu/Courses,-Registration,-Scheduling/Final-Exam-Schedule](http://registrar.tamu.edu/Courses,-Registration,-Scheduling/Final-Exam-Schedule)
## MGMT 663 SPRING 2016 TIMETABLE (tentative, may be subject to change)

<table>
<thead>
<tr>
<th>No</th>
<th>Day</th>
<th>Date</th>
<th>Topic</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Wed</td>
<td>Jan 20</td>
<td>Introduction to Multinationals and Transfer Pricing</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Mon</td>
<td>Jan 25</td>
<td>Multinationals and International Business Strategy</td>
<td></td>
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<tr>
<td>3</td>
<td>Wed</td>
<td>Jan 27</td>
<td>MNE Motivations for TP #1: Economics Approach</td>
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<tr>
<td>4</td>
<td>Mon</td>
<td>Feb 1</td>
<td>MNE Motivations for TP #2: Managerial Approach</td>
<td>QUIZ 1</td>
</tr>
<tr>
<td>5</td>
<td>Wed</td>
<td>Feb 3</td>
<td>Taxing Multinationals</td>
<td></td>
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<tr>
<td>6</td>
<td>Mon</td>
<td>Feb 8</td>
<td>Base Erosion and Profit Shifting (BEPS)</td>
<td>QUIZ 2</td>
</tr>
<tr>
<td>7</td>
<td>Wed</td>
<td>Feb 10</td>
<td>Global Formulary Apportionment</td>
<td>BvD TP Catalyst training</td>
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<tr>
<td>8</td>
<td>Mon</td>
<td>Feb 15</td>
<td>Arm’s Length Standard #1: History</td>
<td>QUIZ 3</td>
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<tr>
<td>9</td>
<td>Wed</td>
<td>Feb 17</td>
<td>Arm’s Length Standard #2: Economic Analysis</td>
<td></td>
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<tr>
<td>10</td>
<td>Mon</td>
<td>Feb 22</td>
<td>Arm’s Length Standard #3: Reading the Section 482 Regulations</td>
<td>QUIZ 4</td>
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<tr>
<td>11</td>
<td>Wed</td>
<td>Feb 24</td>
<td>Finding and Selecting Comparables</td>
<td>ASGN 1 – TP CATALYST</td>
</tr>
<tr>
<td>12</td>
<td>Mon</td>
<td>Feb 29</td>
<td>TP Methods #1: Comparable Uncontrolled Price (CUP) Method</td>
<td>QUIZ 5</td>
</tr>
<tr>
<td>13</td>
<td>Wed</td>
<td>Mar 2</td>
<td>TP Methods #2: Resale Price Method</td>
<td></td>
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<tr>
<td>14</td>
<td>Mon</td>
<td>Mar 7</td>
<td>TP Methods #3: Cost Plus Method</td>
<td>QUIZ 6</td>
</tr>
<tr>
<td>15</td>
<td>Wed</td>
<td>Mar 9</td>
<td>TP Methods #4: Comparable Profits Method (CPM)/ Transaction Net Margin Method (TNMM)</td>
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<tr>
<td></td>
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<td><strong>March Break – no classes the week of March 14-18</strong></td>
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<tr>
<td>16</td>
<td>Mon</td>
<td>Mar 21</td>
<td>TP Methods #5: Profit Split Method</td>
<td>QUIZ 7</td>
</tr>
<tr>
<td>17</td>
<td>Wed</td>
<td>Mar 23</td>
<td>TP Methods #6: Berry Ratio and Unspecified Methods</td>
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<tr>
<td>18</td>
<td>Mon</td>
<td>Mar 28</td>
<td>Functional Analysis and the Best Method Rule</td>
<td>QUIZ 8</td>
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<tr>
<td>19</td>
<td>Wed</td>
<td>Mar 30</td>
<td>Best Method Rule Practice</td>
<td>TR OneSource training</td>
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<tr>
<td>20</td>
<td>Mon</td>
<td>Apr 4</td>
<td>Intangibles #1: Royalties and License Fees</td>
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<tr>
<td>21</td>
<td>Wed</td>
<td>Apr 6</td>
<td>Intangibles #2: Cost Sharing Arrangements</td>
<td>ASGN 2 – TR OSD</td>
</tr>
<tr>
<td>22</td>
<td>Mon</td>
<td>Apr 11</td>
<td>Intangibles #3: Practice (ktMINE Royalty Rate Finder) – guest speaker</td>
<td>ktMINE RRF training Prof. Eden at AIM2016</td>
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<tr>
<td>24</td>
<td>Mon</td>
<td>Apr 18</td>
<td>Finance #1: Loans and Guarantees</td>
<td></td>
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<tr>
<td>25</td>
<td>Wed</td>
<td>Apr 20</td>
<td>Finance #2: Pooling Arrangements in International Finance</td>
<td></td>
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<tr>
<td>26</td>
<td>Mon</td>
<td>Apr 25</td>
<td>Business Services</td>
<td>ASGN 3 – KTMINE RRF</td>
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<tr>
<td>27</td>
<td>Wed</td>
<td>Apr 27</td>
<td>Business Restructurings</td>
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<tr>
<td>28</td>
<td>Mon</td>
<td>May 2</td>
<td>The ADIT Transfer Pricing Exam</td>
<td>TP INTERVIEW</td>
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<tr>
<td></td>
<td>Wed</td>
<td>May 4</td>
<td>Reading Day – no classes</td>
<td></td>
</tr>
<tr>
<td>x</td>
<td>Fri</td>
<td>May 6</td>
<td><strong>Final Exam 3:30-5:30 pm in 181 Wehner</strong></td>
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