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

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1 This course is cross-listed in three departments/colleges as MGMT 663, INTA 663 and ECON 689. ECON 689 will change to ECON 663 in Fall 2017. In this syllabus, I use "MGMT 663" as a short form for all cross-listings.

2 Last updated: January 10, 2017.
pricing, from both the MNE and government perspectives. The course draws from a variety of disciplines including accounting, economics, finance, international business, management, political economy and public policy. 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, Financial Economics or Econometrics 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, advanced 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 course on multinational enterprises and international business, for example, MGMT 679: International Business Policy, MGMT 667: Multinational Enterprises or ECON 617: Economics of the Multinational Firm.
- At least one course in a related area based on the student’s interests and background that can provide a specialization in transfer pricing. (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 transfer pricing regulations.
- Explain the key components of the OECD Transfer Pricing Guidelines including the OECD’s BEPS (base erosion and profit shifting) initiative.
- 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, intangibles and financial transactions in terms of their advantages and disadvantages, and best method selection.
- Discuss the differences and similarities between the US and OECD rules on transfer pricing.
- Understand transfer pricing issues facing developing countries, including studying the United Nations Transfer Pricing Manual for Developing Countries.
- 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.
• Using transfer pricing packages including such as Thomson Reuters OneSource Transfer Pricing Documenter, ktMINE’s Royalty Rate Finder, Bureau van Dijk’s Transfer Pricing Catalyst, and Standard and Poor’s Capital IQ Platform.
• Analyzing and answering previous ADIT Transfer Pricing examination questions.

3. TEXTBOOK AND RESOURCE MATERIALS

3.1. RECOMMENDED READING MATERIALS

• Cole, Robert and William Byrnes. A Practical Guide to U.S. Transfer Pricing, published by Lexis Nexis (most recent edition is December 2016) (Number: 9780820569499). Texas A&M has a special educational price for the book of $218 (the regular price is $640). Note: there is also a digital e-book version. If students want to purchase the e-book version, it's the same price -- $218 -- and must be purchased directly from Lexis Nexis. I would prefer that students purchase the hard-back version of the book (the one in a five-ring binder with loose-leaf pages) rather than the digital version because with the paper version students can underline the text and write in the margins. (They will take out and carry to class only the pages needed for that week’s reading so will not have to carry the whole thing to class.) How to buy the book:
  • Call LexisNexis directly and order it. This way you have free shipping too. Call the Order Department at 1-800-533-1646 and be sure to reference the Texas A&M price of $218.
  • Call the Texas A&M Bookstore and place an order through the Bookstore (this is only for the hard back version). Again, make sure you are getting the TAMU price.

  • We will also be reading US, OECD and UN transfer pricing documents along with relevant journal articles and book chapters as required readings for each class. These readings will 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.

  • For most classes, I will post copies of my lecture notes on the eCampus web portal before the class. Please check the portal, print a copy and bring the notes with you to class.

3.2. OTHER RECOMMENDED READING MATERIALS

• Electronic copies of key government (US, OECD, European Union, United Nations) transfer pricing documents are available for download from eCampus.

• 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 Library Class Guide for MGMT 663: 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 course. Please note that the home page opens up with a “Getting Started” general list of resources. Click the next button “Transfer Pricing Resources” to open up the transfer pricing resources page. Key here is a hyperlinked list of transfer pricing journals and books that are available to TAMU students.

3.3. TRANSFER PRICING SOFTWARE AND DATASETS

NOTE: Access to these electronic resources 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). Students are bound by the Aggie Code of Honor with respect to use of these resources.

• Students in MGMT 663 have access to four transfer pricing programs (and accompanying datasets) that will be discussed in class and used for team-based assignments. These are programs that are used regularly by transfer pricing professionals. In-class training for each software program will take place in class; in addition, training materials are available for viewing outside of class. (Note that all students must complete a FERPA form prior to receiving access to these programs.) Class assignments are designed to give students practice with the same software programs used by professionals in the field. Student accounts expire at the end of the semester. I thank Bureau van Dijk, ktMINE, Standard and Poor’s and Thomson Reuters for making their transfer pricing software programs available for use in this course.

• Bureau van Dijk’s Transfer Pricing Catalyst:

• ktMINE’s Royalty Rates:  http://www.ktmine.com/royalty-rates-app/

• Standard and Poor’s Capital IQ Platform: https://www.capitaliq.com/home/about-us

• Thomson Reuters OneSource Transfer Pricing Documenter (TROSD):
  https://tax.thomsonreuters.com/products/brands/onesource/onesource-transfer-pricing/

• Mays Business School purchases WRDS and many accompanying databases (e.g., Compustat, Orbis) for use by its faculty, staff and students. We will have a class account on WRDS that will provide you with access to all of these databases. I will provide you with a list of the WRDS databases. Note again that students are bound by the Aggie Honor Code. Wharton also has its own honor code that you will have to sign when you log into the account.

• Wharton Data Research Services (WRDS): http://wrds.wharton.upenn.edu

3.4. OTHER LEARNING RESOURCES

• Visiting Speakers: Normally, four to 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 Forum:** I maintain a community page on the Texas A&M eCampus network called the *Transfer Pricing Forum*. The community page is for current and former students of MGMT 663, and has several purposes. First, the page is aimed particularly at those students who are on the market looking for either transfer pricing internships or fulltime employment. Notices about job/internship placements or talks are placed on this page. Mrs. Marilyn Santiesteban, Assistant Director of Career Services in the Bush School has her own column, “Marilyn’s Corner”, on the Transfer Pricing Forum, where her materials related to job skills and job search are available for download. A variety of materials related to skills-based training are also available for download. Second, the page contains materials for students studying for the ADIT Transfer Pricing examination (the exam is held twice a year in June and December). Lastly, the Forum provides a place where students both inside and outside of MGMT 663 can connect with one another when there are visiting speakers or other events.

• **Transfer Pricing Aggies:** I run a LinkedIn group for current and former students who have transfer pricing and related interests in tax, auditing, forensic accounting, etc. Students are encouraged to set up a LinkedIn account ([http://www.linkedin.com](http://www.linkedin.com)), to join Transfer Pricing Aggies and begin networking with former students who now have fulltime careers in transfer pricing.

• **LinkedIn Transfer Pricing Groups:** I also recommend joining some of the specialized transfer pricing groups on LinkedIn (e.g., the Young Transfer Pricing Professionals Network, Transfer Pricing Network, and Transfer Pricing Economists) and following the discussions.

• **Web Seminars:** Thomson Reuters and the Big Four accounting firms frequently offer web seminars and pod casts with guest speakers on practical transfer pricing issues. Students are encouraged to listen to web seminars and podcasts 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.

Please note that – for students who are on the market looking for transfer pricing placements either as internships or fulltime positions – I will use the Transfer Pricing Forum, not the course website, as the
primary form of communication. You should make sure that you are added to the Forum in order to keep up to date with the materials, notifications, etc.

4.2. **HOW TO MANAGE THE REQUIRED READINGS**

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

- Each class typically includes about 60-80 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 relevant chapter in the textbook next 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>
</tr>
</thead>
<tbody>
<tr>
<td>Weekly Quizzes</td>
<td>60</td>
</tr>
<tr>
<td>Team Assignments</td>
<td>20</td>
</tr>
<tr>
<td>TP Professional Interview Project</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

The grading system is Texas A&M is A (90-100 points), B (80-89 points), C (70-79 points), D (60-69 points) and F (below 60 points). Since this is a graduate course, the passing grade is a minimum of 70 points.

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 (60 POINTS)**

Almost all Monday classes (see the Timetable in Section 13) will start near the beginning of class (4:35 pm) with a 15-minute written quiz on the previous week’s reading materials. After the quiz, we will start the new materials for that week. The quiz format will vary from week to week, but normally will consist of short-answer written questions, numerical problems and/or multiple choice questions.

There will be 11 quizzes this semester (for dates and materials covered see the Timetable at the end of the Syllabus). Please note there would be fewer quizzes depending on the actual course timetable and number of visiting speakers. The value of each quiz may therefore vary slightly if the number of quizzes should turn out to be higher or lower than expected; the total point value will not change.

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) at the end of the semester, the instructor will drop the lowest quiz grade from the final grade calculation for each student.

If a student misses a quiz and does have a University-approved excuse, the student may either (1) take a substitute quiz with the instructor within 10 days of the missed quiz as a replacement, (2) count the missed quiz as the “dropped” quiz (see below), or (3) receive a zero grade for the quiz. Students should let the instructor know in advance if they will miss a quiz and do have a university-approved excuse. It is up to the student to schedule the make-up quiz with the instructor.

If a student misses a quiz and does not have a University approved excuse, the missed quiz will receive a zero grade. In this case, the student may not take a substitute quiz, but may count the missed quiz as the “dropped” quiz.

University-approved absences are outlined in the section below on “Make-Up Policy”. Note that job interviews are NOT a University approved absence.

5.2. **TEAM ASSIGNMENTS (20 POINTS)**

There will be two team-based assignments in the course, each worth 10 points:

- BvD Transfer Pricing Catalyst Assignment: due date – in class on Wednesday March 29, 2017
- S&P Capital IQ Assignment: due date – in class on Wednesday April 12, 2017

Instructions for the team-based assignments will be posted on eCampus later in the semester. Students will be grouped into teams of two or three students (depending on class size) at the beginning of the semester. Students will put together their own teams, with the restriction that the members must come from different departments/colleges (e.g., one Mays School + one Bush School + one Economics student).

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).
We have access to four transfer pricing software programs this semester. Two of the programs will be used for team assignments (TP Catalyst and Capital IQ). The other two programs will be covered in workshops. Students will install the latter two software programs on their computers and complete the assignments during class as follows:

- ktMINE Royalty Rates – in class on Wednesday March 22, 2017
- TR One Source Transfer Pricing Documenter -- in class on Wednesday April 26, 2017

Thus, all students will have the opportunity to practice with the four transfer pricing software programs available in this course, two as team-based assignments and two as in-class workshops.

5.3. **TRANSFER PRICING PROFESSIONAL INTERVIEW TERM PAPER (20 POINTS)**

**Due Dates for the TP Interview Project:**

- **Survey Questionnaire** – completed online by February 15, 2017 (1 point)
- **Submission of Interview paper:** in class on Monday, April 24, 2017 (17 points)
- **Submission of one-page summary:** in class on Monday, May 1, 2017 (1 point)
- **Student in-class presentations/discussions:** in class on Monday, May 1, 2017 (1 point)

**Phase 1: Selection of the Interviewee and Completion of the Survey Questionnaire (1 point)**

1.1. **Selecting Your Interviewee**

Students must find and interview a transfer pricing professional. The following selection criteria must be followed in selecting your interviewee:

- The interviewee must have **four or more years of practical experience in transfer pricing**.
- The interviewee must be at the senior associate/consultant level or above; interviewees with more experience and at higher levels (e.g., senior manager level or above) are preferred.
- The interviewee must **NOT have been interviewed** (1) by a student in an earlier MGMT/INTA/ECON 663 course or (2) by another student in this semester’s course.

Additional notes on selecting an interviewee:

- It is highly recommended that students do not approach transfer pricing professionals in Dallas or Houston since almost all of them have already been interviewed by students in earlier courses. Look outside of Texas; looking outside of the United States is also encouraged.
- 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 will be reduced by 2 points.
- A list of former interviewees, a template letter for approaching potential interviewees, and interview papers completed in prior courses are posted on the eCampus course website.

1.2. **Survey Questionnaire (due date: February 15, 2017)**

- A survey form will be posted on eCAMPUS where the student will enter information about the interviewee, and the interview process.
• Once the student has received a confirmation from a transfer pricing professional that they are willing to be interviewed, the student must complete the questionnaire by providing full information on their interviewee. Completion of the questionnaire is due by the end of February 2017.

**Phase 2: Conducting the interview and Writing the Report (17 points)**

**2.1. Conducting the Interview**

Students must arrange to do the interview either in person, by SKYPE or Facetime or over the telephone. Interviews done via email are not acceptable. Normally, there will be one hour-long interview and then a later follow-up where the student has additional questions or needs clarifications.

The interview must cover the following six topics:

1. Brief information about the organization/group where the individual works (size, nationality, activities performed). Focus on the transfer pricing team in that specific location and provide information about numbers, ranks, major clients, and so on.
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.

**Writing the Report**

Each student will write a typed, double-spaced paper in 11 point Times Roman, approximately 10-15 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 paper must be submitted to the interviewee so that he/she has the opportunity to make clarifications or revisions, prior to finalizing the 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).

The 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.

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.

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).

**Phase 3: Class Discussion (2 points)**

The last 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 on the last day of class. 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.

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/](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/know.html](http://www.tamu.edu/aggiehonor/know.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](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 Gor. 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 Grammarly or Stylewriter that can be attached to word processing programs, email programs and internet browsers.
  - Grammarly: http://www.grammarly.com
  - Stylewriter: 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

Some written work in this course may need to 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 attendance and participation may be taken into account where a student’s grade is at the border between letter grades (e.g., at the border between A and B grades or between B and C grades).

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). 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.

1) 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
2) Death or major illness in a student's immediate family.
3) Illness of a dependent family member.
4) Participation in legal proceedings or administrative procedures that require a student's presence.
5) Religious holy day. NOTE: Prior notification is NOT required.
6) Injury or illness that is too severe or contagious for the student to attend class.
   a) Injury or illness of three or more class days:
   Student will provide a medical confirmation note from his or her medical provider within one week of the last date of the absence (see Student Rules 7.1.6.1)
   b) Injury or illness of less than three class days:
   Student will provide one or both of these (at instructor's discretion), within one week of the last date of the absence: (i.)Texas A&M University Explanatory Statement for Absence from Class form available at http://attendance.tamu.edu or (ii.) Confirmation of visit to a health care professional affirming date and time of visit.
7) Required participation in military duties.
8) Mandatory admission interviews for professional or graduate school which cannot be rescheduled.
9) Mandatory participation as a student-athlete in NCAA-sanctioned competition.
10) In accordance with Title IX, pregnancy and related conditions for a time deemed medically necessary by the student’s physician.

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

**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 the Disabilities Services, currently located in the Disabilities 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](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/requesting accommodations](http://disability.tamu.edu/requesting accommodations).

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 changed as the semester progresses at the instructor’s discretion. In addition, the number of quizzes may be less than on the syllabus depending on visiting speakers and other course commitments. It is the student’s responsibility to stay informed about class schedules and policies. 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 the instructor at the beginning of the semester.
### 14. MGMT/INTA/ECON 663 SPRING 2017 TIMETABLE

<table>
<thead>
<tr>
<th>Day</th>
<th>Date</th>
<th>No</th>
<th>Topic</th>
<th>Quiz/Asgn/Paper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wed</td>
<td>Jan 18</td>
<td>1</td>
<td>Introduction and Overview</td>
<td></td>
</tr>
<tr>
<td>Mon</td>
<td>Jan 23</td>
<td>2</td>
<td>Multinationals and International Business Strategy</td>
<td></td>
</tr>
<tr>
<td>Wed</td>
<td>Jan 25</td>
<td>3</td>
<td>MNE Motivations for TP #1: Economics Approach</td>
<td></td>
</tr>
<tr>
<td>Mon</td>
<td>Jan 30</td>
<td>4</td>
<td>MNE Motivations for TP #2: Managerial Approach</td>
<td>QUIZ 1 (on CLS 2&amp;3)</td>
</tr>
<tr>
<td>Wed</td>
<td>Feb 1</td>
<td>5</td>
<td>Taxing the Income of Multinational Enterprises</td>
<td></td>
</tr>
<tr>
<td>Mon</td>
<td>Feb 6</td>
<td>6</td>
<td>Tax Havens, Base Erosion and Profit Shifting</td>
<td>QUIZ 2 (on CLS 4&amp;5)</td>
</tr>
<tr>
<td>Wed</td>
<td>Feb 8</td>
<td>7</td>
<td>History of the Arm’s Length Standard</td>
<td></td>
</tr>
<tr>
<td>Mon</td>
<td>Feb 13</td>
<td>8</td>
<td>Overview of the U.S. Section 482 Regulations</td>
<td>QUIZ 3 (on CLS 6&amp;7)</td>
</tr>
<tr>
<td>Wed</td>
<td>Feb 15</td>
<td>9</td>
<td>TP Method #1: Comparable Uncontrolled Price (CUP)</td>
<td>TP INTERVIEW- SURVEY</td>
</tr>
<tr>
<td>Mon</td>
<td>Feb 20</td>
<td>10</td>
<td>TP Method #2: Resale Price Method (RPM)</td>
<td>QUIZ 4 (on CLS 8&amp;9)</td>
</tr>
<tr>
<td>Wed</td>
<td>Feb 22</td>
<td>11</td>
<td>TP Method #3: Cost Plus Method (CPLUS)</td>
<td></td>
</tr>
<tr>
<td>Mon</td>
<td>Feb 27</td>
<td>12</td>
<td>TP Method #4: Comparable Profits Method (CPM)/ Transactional Net Margin Method (TNMM)</td>
<td>QUIZ 5 (on CLS 10&amp;11)</td>
</tr>
<tr>
<td>Wed</td>
<td>Mar 1</td>
<td>13</td>
<td>TP Method #5: Profit Split Method (PSM)</td>
<td></td>
</tr>
<tr>
<td>Mon</td>
<td>Mar 6</td>
<td>14</td>
<td>TP Method #6: Berry Ratio (BR) and Other Methods</td>
<td>QUIZ 6 (on CLS 12&amp;13)</td>
</tr>
<tr>
<td>Wed</td>
<td>Mar 8</td>
<td>15</td>
<td>Functional Analysis, Comparables and Best Method Rule</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Spring Break (March 13-17) – no classes</strong></td>
<td></td>
</tr>
<tr>
<td>Mon</td>
<td>Mar 20</td>
<td>16</td>
<td>TP Programs Workshop: TP Catalyst &amp; Capital IQ</td>
<td>QUIZ 7 (on CLS 14&amp;15)</td>
</tr>
<tr>
<td>Wed</td>
<td>Mar 22</td>
<td>17</td>
<td>Intangibles #1: Royalties and License Fees</td>
<td></td>
</tr>
<tr>
<td>Mon</td>
<td>Mar 27</td>
<td>18</td>
<td>Intangibles #2: ktMINE Royalty Rates Workshop</td>
<td>Quiz 8 (on CLS 16&amp;17)</td>
</tr>
<tr>
<td>Wed</td>
<td>Mar 29</td>
<td>19</td>
<td>Intangibles #3: Cost Sharing Arrangements</td>
<td>ASGN 1: TP Catalyst</td>
</tr>
<tr>
<td>Mon</td>
<td>Apr 3</td>
<td>20</td>
<td>Business Services</td>
<td>QUIZ 9 (on CLS 18&amp;19)</td>
</tr>
<tr>
<td>Wed</td>
<td>Apr 5</td>
<td>21</td>
<td>Finance #1: Loans and Guarantees</td>
<td></td>
</tr>
<tr>
<td>Mon</td>
<td>Apr 10</td>
<td>22</td>
<td>Finance #2: Pooling Arrangements in Int’l Finance</td>
<td>QUIZ 10 (on CLS 20&amp;21)</td>
</tr>
<tr>
<td>Wed</td>
<td>Apr 12</td>
<td>23</td>
<td>Risk and Business Restructurings</td>
<td>ASGN 2: Capital IQ</td>
</tr>
<tr>
<td>Mon</td>
<td>Apr 17</td>
<td>24</td>
<td>A Look Ahead? Global Formulary Apportionment</td>
<td>QUIZ 11 (on CLS 22&amp;23)</td>
</tr>
<tr>
<td>Wed</td>
<td>Apr 19</td>
<td>25</td>
<td>Transfer Pricing and Developing Countries</td>
<td></td>
</tr>
<tr>
<td>Mon</td>
<td>Apr 24</td>
<td>26</td>
<td>Examples from the ADIT Transfer Pricing Exam</td>
<td>QUIZ 12 (on CLS 24&amp;25)</td>
</tr>
<tr>
<td>Wed</td>
<td>Apr 26</td>
<td>27</td>
<td>Documentation, Country by Country Reporting and TR One Source TP Documerter Workshop</td>
<td>TP INTERVIEW – PAPER</td>
</tr>
<tr>
<td>Mon</td>
<td>May 1</td>
<td>28</td>
<td>Course Wrap-up and Student Presentations</td>
<td>TP INTERVIEW - 1PG</td>
</tr>
</tbody>
</table>

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3 This timetable is tentative and subject to change over the course of the semester. Visiting speakers, for example, are likely to be added to the timetable and may affect the order in which topics are covered in class. The most recent timetable will always be available on eCampus and an Announcement will be posted each time a change occurs.