

## OVERALL AIM

To equip the learner with knowledge and skills to provide practical solutions to clients on international tax issues.

## LEARNING OUTCOMES

On completion of this course, the learner should be able to:

	Learning outcome	K	C	A	An	S	E
1.	Analyse the residence status of taxpayers				✓		
2.	Advise clients on the tax implications of various transactions						✓
3.	Advise on source rules and tax implications						✓
4.	Advise on double taxation policy issues and implications					✓	
5.	Evaluate transfer pricing and its implications on business decisions						✓
6.	Apply case law to support tax transactions and policies			✓			
7.	Advise on international tax compliance issues						✓

## **LEVEL OF ASSESSMENT**

The examination will test the learner's knowledge and advisory, analytical, synthetic, and evaluation skills of international tax issues.

## **EXAMINATION STRUCTURE**

There will be a three hour examination comprising of two sections. Section A will comprise one compulsory case study question carrying 50 marks. Section B will comprise three questions of 25 marks each, of which the candidate will be required to attempt any two questions.

## **DETAILED SYLLABUS**

### **A RESIDENCE STATUS**

1. Residence in Uganda:
  - (a) General rules
  - (b) Determining Ugandan residence
    - (i) Coming to Uganda
    - (ii) Days of presence
    - (iii) Leaving Uganda
  - (c) Individuals
  - (d) Partners and partnerships
  - (e) Trusts, trustees and beneficiaries
  - (f) Real estate investment trusts (REITs)
  - (g) Companies
2. Domicile
3. Non-residents
4. Management and control
5. Taxation of aliens under international law
6. Dual residence and third countries

## **B INCOME SOURCES AND THEIR TAXATION**

1. Sourcing of income
2. Tax on international payments: Interests, dividends, royalties, rent , capital gains, natural resource payment, management charge
3. Rental and disposal of an interest in immovable and movable property
4. Pension or annuity
5. Payment to non-resident public entertainers/ sports persons
6. Payment to non-resident contractors /professionals
7. Non-residents providing shipping, air transport, or telecommunication services
8. Understanding international agreements and their application; double taxation agreements, treaties and exchange of information
9. Withholding tax (WHT):
  - (a) Withholding agents
  - (b) Circumstances under which WHT is a final tax
  - (c) Implications of taking withholding tax as a final tax
  - (d) Determination of WHT on various payments
  - (e) Payment of amount withheld

## **C TAXATION OF BRANCHES/PARENT-SUBSIDIARY AND INTER-COMPANY TRANSACTIONS**

1. Introduction
2. Understanding transactions between associates
3. Separate items of income
4. Business income
5. Allocation of expenses
6. Computation of repatriated income

7. Taxation at source :withholding
8. Exemption from tax
9. Treatment of corporate losses
10. Foreign debt and foreign equity
11. Corporate reorganisations
12. Primary categories of international tax planning
13. Anti-avoidance procedures
14. International tax conflict rules
15. Taxation in hyper-inflationary economies

## **D      TRANSFER PRICING**

1. Fundamental sources
  - (a) The Organisation for Economic Cooperation and Development (OECD) Model
  - (b) United Nations (UN) model commentary
  - (c) Income Tax Act
  - (d) Selected leading cases
2. Base Erosion and Profit shifting (BEPS)
3. The arm's length principle and comparability
  - (a) Arm's length principle: Interpretation and processes
  - (b) Comparable analysis:
    - (i) Role
    - (ii) Rationale
    - (iii) Limitations
    - (iv) Situations where no comparable or only imperfect comparable are found
  - (c) Transaction analysis
  - (d) Re-characterisation issues
  - (e) Comparability analysis in practice
    - (i) Typical process proposed by the OECD

- (ii) Aggregation of a taxpayer's transactions/use of non-transactional third party data
  - (iii) Information on the foreign associated enterprise
  - (iv) Sources of information on comparable uncontrolled transactions: internal/external
  - (v) Comparables
  - (vi) Comparability adjustments
  - (vii) Arm's length range
  - (viii) Timing issues in comparability
  - (ix) Compliance issues
4. Functional analysis
    - (a) Goal of functional analysis
    - (b) Analysis of functions, assets and risks
    - (c) Relating functional analysis to selection of transfer pricing method
    - (d) Entity characterisation; characterisation as "entrepreneur", stripped risk manufacturer, commissionaire.
  5. Transfer pricing methods
    - (a) Description of methods
      - (i) Comparable Uncontrollable Price (CUP)
      - (ii) Resale price method
      - (iii) Transactional profit split method
      - (iv) Transactional net margin method
      - (v) Cost-Plus method
      - (vi) Direct/indirect charging
    - (b) Choice of method
  6. Transfer pricing and tax risk management
    - (a) Areas of transfer pricing risk
    - (b) Mitigating transfer pricing risks
  7. Intra-group services ;Types of intra-group services
  8. Financing

- (a) Loan pricing
    - (i) Creditworthiness.
    - (ii) Interest rates at arms-length and non-arms-length borrowings
  - (b) Related party financing and transfer pricing compared.
  - (c) Guarantees
9. Intangible property
- (a) Types of intangibles
  - (b) Life cycle of intangibles: Development, exploitation, exit strategy
  - (c) Models to structure the development of intangibles contract: Research and development Vs cost contribution / cost sharing arrangements
  - (d) Models for exploiting intangibles: Principal structure Vs licensing out
  - (e) Valuation of intangible assets
  - (f) Application of international agreements to the taxation effects arising from the intangible assets and any arrangements thereof.
10. Business restructuring
- (a) The nature of business restructuring
  - (b) The OECD guidance on the transfer pricing aspects of business restructuring
  - (c) Mergers, acquisitions and reorganisations
11. Permanent Establishments(PEs)
- (a) Report on the attribution of profits to PEs
  - (b) Model tax convention
  - (c) Recognition of dealings
12. Compliance issues
- (a) Transfer pricing documentation
  - (b) Penalties
  - (c) Transfer pricing risk management

13. Avoiding double taxation/dispute resolution
  - (a) Internal transfer pricing adjustments: corresponding adjustments, secondary adjustments
  - (b) Mutual agreement procedure
  - (c) Tax treaty arbitration
  - (d) Challenges in implementing

## **E DOUBLE TAXATION**

1. Definition for Key terms
2. Tax treaties: Policies, rules, negotiations and administrative procedures
3. Double Taxation Agreements (DTAs): Need of DTAs; nature of DTAs with Uganda
4. Uganda's tax treaties and reliefs
5. Double taxation for investment income
6. Double taxation and tax credits
7. Residence under domestic law and residence under double tax treaties
8. The East African Community Double Taxation Agreement.
9. Practical application of double taxation arrangements and other treaties with case studies.

## **F INTERNATIONAL TAX AVOIDANCE**

1. Tax havens
  - (a) Meaning
  - (b) Types and features
  - (c) Rationale
  - (d) Approaches to international tax avoidance
2. Anti-tax haven legislation
3. Anti-tax haven policy; evasion by individuals
4. Tax planning strategies of multinational groups

5. Domestic law approaches to international tax avoidance
6. Money laundering legislation and international tax avoidance

### **REFERENCES**

1. ICPAU, Advanced Taxation, Kampala.
2. Government of Uganda, by Uganda Printing and Publishing Corporation:
  - (a) Income Tax Act, Cap 340
  - (b) Value Added Tax Act, Cap 349
  - (c) Excise Duty Act, 2018
  - (d) East African Customs Management Act
  - (e) The Tax Procedures Code Act
3. Joseph O. Okuja (2022), Domestic & International Taxation in Uganda, Kampala Uganda.
4. Angharad Miller FCA, Lynne Oats (2016): Principles of International Taxation, West Sussex , United Kingdom. 5<sup>th</sup> Edition