

## READING ASSIGNMENTS PART I

### NOTES:

- You should check the course web site (<https://mkirsch.nd.edu/intltax>) periodically for additions/modifications to these assignments
- Unless otherwise stated, you are responsible for preparing (prior to class) all problems in the assigned text of the casebook

### I. INTRODUCTION AND OVERVIEW

A-D. Introductory and Policy Issues (Background; Basic Questions: Designing a System for Taxing International Transactions; Reach of U.S. Tax Jurisdiction: The Role of International Law; Some Basic Conceptual and Policy Issues)

Text: pp. 1-39. Do not get too bogged down in any of the details in this introductory material—it will make more sense after we have covered more details in the coming months (accordingly, you might want to go back and re-read this material later in the semester).

E. Some Basic Principles of U.S. International Taxation After the 2017 Act

Text: pp. 39-47. Again, do not get bogged down in any of the details, as we will cover many of them in depth throughout the semester.

Code: §§ 2(d); 11(d). Note §§ 871(a) & (b); 881(a); 882(a)

F. Who is Taxed on Worldwide Income?

1. Individuals

a. & b. (Citizens and Resident Aliens)

Text: pp. 47-53

Problems: pp. 53-55 (In Problem 3 on p. 54, skip the final subquestion regarding “when does Mary’s U.S. residency begin and when does it end?”)

Code: §§ 7701(a)(30)(A); 7701(b). Note § 911 (we’ll cover § 911 in greater detail later in the semester).

Regs: §§ 1.1-1; 301.7701(b)-1(b)(1); 301.7701(b)-2(c)(1); 301.7701(b)-2(d)(1); 301.7701(b)-3(a), (b)(1), (c), (d)

c. Certain Former U.S. Citizens and Long-Term Permanent Residents

Text: pp. 55-60

Problem: p. 60 (Problem 1 only)

Code: §877A; 6039G; 7701(a)(50); 7701(b)(10). Note § 2801

2, 3, 4, & 5. U.S. Corporations, Partnerships, Business Entity Classification, Trusts and Estates

Text: pp. 60-65 (skip the Problem on pp. 65-66)

Code: §§ 7701(a)(4), (a)(5); 7701(a)(30)(B)-(E); 7701(a)(31).

Regs.: Note §§ 301.7701-2(a), (b); -3(a), (b)

G. The Role of Income Tax Treaties in International Taxation

This is intended to be an introduction to tax treaties. We will discuss various substantive provisions of tax treaties in more detail later in the course in connection with the related Code provisions. Accordingly, do not get bogged down in the substantive details of the Handouts or the “Scope of Treaty Benefits” casebook text.

Text: pp. 66-81. Note that Appendix A contains the text of the 2016 U.S. Model income tax treaty.

2016 Model Treaty: Arts. 1 (para. 4); 2; 4. Skim Art. 3. Note Art. 22

Handouts: Excerpt from Michael S. Kirsch, *The Limits of Administrative Guidance in the Interpretation of Tax Treaties* (available on course website); also skim the IRS Tax Treaty Tables, which compare provisions of various treaties (the link is available in the *Handouts* section of the course website—there is no need to print these tables)

Code: §§ 894(a), 7852(d)

Problems: p. 76 (Problem 1 only)

## II. SOURCE RULES FOR INCOME AND DEDUCTIONS

### A. Introduction: The Relevance of Source Rules

Text: pp. 83-84

### B. Interest

Text: p. 85-86

Problem: p. 147 (Problem 1)

Code: §§ 861(a)(1); 862(a)(1); 884(f)(1)(A)

Regs: § 1.861-2(a)(2), (3)

### C. Dividends

Text: p. 86

Problem: pp. 147 (Problem 5)

Code: §§ 861(a)(2)(A), (B); 861(c); 862(a)(2)

### D. Rentals & Royalties

Text: pp. 87-89

Problems: p. 148 (Problems 7, 8 & 9)

Code: §§ 861(a)(4); 862(a)(4). Note § 865(d)(1)

### E. Compensation for Personal Services

Text: pp. 89-108

Problem: pp. 147-48 (Problem 6)

Code: §§ 861(a)(3); 862(a)(3)

Regs: § 1.861-4(b)

### F. Sale of Real Property

Text: p. 108

Code: §§ 861(a)(5); 862(a)(5). Note § 897(c)(1), (2)

### G. Sale of Personal Property

Text: pp. 109-134 (merely skim the discussion of regulations on pp. 128-134)

Problems: pp. 145-147 (Problems 10-16, but omit Problem 13)

Code: §§ 861(a)(6); 862(a)(6); 863(b)(2); 865 (skip 865(h))

Regs: § 1.861-7(c); 1.863-3(c)(1)(i)(A) & -3(c)(1)(ii)

### H. Special Rules

Text: pp. 134-146 (because the 2017 tax law repealed the treatment of alimony as income to the recipient for post-2018 divorces, you can skip the discussion of alimony on pp. 136-138). In the *Bank of America* case, don't worry about the intricacies of banking practice and transactions; focus instead on the application of §§ 861 and 862 to the facts beginning on p.142.

Problems: pp. 150-151 (Problems 19 & 22).

Code: § 861(a)(8). Note §§ 863(c), (d), (e)

Regs: § 1.863-1(d)(1), (2)

### I. Source Rules for Deductions

Text: pp. 152-160

Problem: p. 157 (Problem 1 only)

Code: §§ 861(b); 862(b); 863(a)

Regs: Skim § 1.861-8

### J. Reflections on Source Rules

Text: pp. 160-161