Overview and Learning Objectives

This course is designed to provide participants with a framework for understanding the main issues involved in the application of income tax treaties. In particular, the course will cover the residence issue, the concept of permanent establishment (PE), attribution of profits to a PE, passive income, employment income, double taxation relief, non-discrimination and triangular cases. The aim of the course is to make the participants aware of the wide range of tax issues that have to be addressed in applying tax treaties. The course will end each day with a case study to enable participants to gain confidence in applying the skills acquired during the course.

This is an interactive course with a maximum of 30 participants. Prior to the course, participants will be given access to an online platform which provides them with additional pre-reading material and supplementary material (e.g. legal documentation, case law and related articles/literature). During the course, participants will be provided with a course binder containing documents relevant to the course.

Who should attend?

The course is suitable for practitioners in tax advisory firms, tax specialists in commerce and industry and government officials. The course is particularly useful for tax professionals who have experience of their national tax system, but who have now moved to an international department who have encountered tax treaties on an occasional basis, but who wish to ensure that they are aware of the main problem areas of treaty law.

Course Level and Prerequisites

This is an introductory level course. Participants taking this course will be expected to have a good understanding of at least one national tax system, in particular:

- the domestic concept of residence
- the application of income tax to the foreign income of residents
- the domestic foreign tax relief
- the application of income tax to the domestic source income of non-residents
### Day 1

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<td>Introduction</td>
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<td>• Place and role of comprehensive tax treaties in the international legal order</td>
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<td>• Relationship between tax treaties and domestic law</td>
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<td>• Juridical versus economic double taxation and systems of relief</td>
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<td>• Dual residence issues and recent developments with regard to the “place of effective management” concept</td>
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<td>• Auxiliary and Preparatory Activities</td>
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<td>• PE Concept in the UN Model</td>
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<td>16.00 - 17.00</td>
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Day 2

09.00 - 10.30 Business Profits

- Article 7 OECD Model
- Allocation of assets and profits:
  - global methods
  - relevant business activity approach
  - functionally separate entity approach
- Financing a permanent establishment
- Treatment of losses
- Head office – permanent establishment transactions: in particular intra-company interests and royalties
- New OECD Developments
- Article 8 OECD Model

10.30 - 10.50 Break - Refreshments

10.50 - 11.45 Business Profits (continued)

11.45 - 12.45 Passive Income

- What is a passive income
- Income from immovable property in the OECD Model
- Dividends, interest, royalties in the OECD Model
- Beneficial ownership
- Capital gains in the OECD Model
- Article 21 OECD MTC

12.45 - 14.00 Lunch

14.00 - 15.40 Passive Income (continued)

15.40 - 16.00 Break - Refreshment

16.00 - 17.00 Case Studies
Day 3

09.00 - 10.40 Employment Income

- Taxation of dependent personal services
- General rules (183-day rule)
- Hiring-out of labour
- Frontier workers
- Taxation of special payments and pensions
- Taxation of directors, artistes and sportsmen

10.40 – 11.00 Break – Refreshments

11.00 - 12.45 Double Tax Relief and Conflicts of Qualification

- Credit
- Exemption
- Capital import neutrality and capital export neutrality
- Losses and double tax relief
- Tax sparing credit
- Conflicts of qualification

12.45 - 14.00 Lunch

14.00 - 15.40 Non Discrimination and Triangular Cases

- Article 24 OECD Model
- Triangular cases involving PE and dual resident companies

15.40 - 16.00 Break - Refreshments

16.00 - 17.00 Case Studies