GLOBAL INDIRECT TAX
Georgetown University Law Center- Fall 2016
Professors Timothy Gillis, Amie Ahanchian and Philippe Stephanny

Introduction
During this century, the United States has raised revenue chiefly through the income tax, which is a per capita or direct tax. In many other countries, fiscal authorities rely far more heavily on indirect taxes. With the pace of globalization accelerating, U.S. tax professionals increasingly advise clients investing abroad, for whom indirect taxes may constitute a large percentage of aggregate tax liability. A basic knowledge of how these taxes work is thus a valuable asset for any lawyer doing corporate or international tax work. This course will introduce students to indirect taxation, including customs duties, and its application in various jurisdictions such as the U.S., the European Union, Canada, Mexico, Brazil, India, and China.

The emphasis of the course is on major principles of the value added tax (VAT), as opposed to exceptions to the general rules. Further, application of a particular principle may produce favorable results to one taxpayer but unfavorable results to another taxpayer. This phenomenon is often encountered when one taxpayer is a domestically registered corporation and the other taxpayer is a non-registered foreign corporation unable to reclaim VAT. Therefore the course will encourage the student to approach an issue with an open mind regarding possibilities for tax registration in foreign jurisdictions.

The course will examine the economic and policy rationales for such taxes and study in detail how different types of value added taxes work, including tax calculations and the impact of customs duties in cross-border transactions. The course will also encourage the student to give thought to public policy issues such as ease of administration within developing countries.

Finally, the course will compare the VAT with the retail sales taxes imposed by many U.S. state and local governments and will consider the feasibility of adopting some version of a VAT in the United States, taking into consideration recent proposals.

Objectives
At the end of the course, students will have a broad technical understanding of indirect taxes and an appreciation of the policy concerns that animate legislative and academic discussion of this important subject.

At the conclusion of this course (i.e., for the final exam) the student should be able to apply basic principles of indirect taxes and identify issues. The student should recognize when a client may have exposure for nonpayment of VAT and retail taxes and when a client may have failed to take full advantage of opportunities provided by various taxing systems.

Reading Materials
The primary materials are a series of articles on VAT published in Tax Notes Weekly. Specific citations are given below. Reading materials will be made available on Georgetown’s Canvas site at least one week before the class. We have also assigned a number of cases, which will be discussed during class. Supplemental reading is suggested for some topics; this is not required but students may find it helpful. A good general reference is the GAO Report to Congressional Requesters: Value Added Taxes – Lessons Learned from Other Countries on Compliance Risks, Administrative Costs, Compliance Burden, and Transition (available online). Another helpful reference is the book entitled Value Added Tax: A Comparative Approach (2015) by Alan Schenk. These materials as well as additional information on VAT and the jurisdictions addressed during the semester can be found on the IBFD website to which students have access via the Georgetown Law library. Students will be expected to participate in class discussion regarding these cases and statutes.
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<th>Class Date</th>
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| Monday August 29 | **Welcome to Course** – This module opens the course with an explanation of the course organization and objectives, and introduction of the instructors and other students. | • *Why All the Buzz About VAT?*, 125 TAX NOTES 341 (Oct. 19, 2009) [Lexis Advance]  
• *How Different VATs Work*, 125 TAX NOTES 1367 (Dec. 21, 2009). [Lexis Advance]  
• *Comparing Value Added and Retail Sales Tax*, 126 Tax Notes 983 (Feb. 22, 2010). [Lexis Advance] |
| Monday September 12 | **Sales and Use tax in the United States** | • **HELLERSTEIN & HELLERSTEIN**, State Taxation, (WG&L eds., 3rd ed.)  
  - 12.04. Overview of the Legal Structure of Sales and Use Taxes [Westlaw]  
  - 13.10. Exemptions and Immunities [Westlaw]  
  - 16.02. Delineation of Taxable Use, Storage, and Consumption: Overview [Westlaw]  
  - 19.02: Constitutional Restrictions on States' Power to Impose, and Require Vendor Collection of, Sales and Use Taxes on Goods Sold in Interstate Commerce [Westlaw]  
  Supplemental Reading:  
• *National Bellas Hess, Inc. v. Dep’t of Revenue*, 386 U.S. 753 (1967). [HeinOnline]  
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| September 19 | VAT in the European Union (1) | - History  
- Persons subject to VAT  
- Transactions subject to VAT  
- Rates  
- Exemptions  
  - EU VAT Directive: art. 2(1), 9, 10, 14, 15, 20, 21, 24, 25, 30, 132, 135, 136, 138, 146 [EUR-Lex] [Westlaw]  
  - C-16/93 Tolsma [EUR-Lex JUDG] [EUR-Lex OP] [Westlaw JUDG] [Westlaw OP]  
  - C-102/86 Apple and Pear [EUR-Lex JUDG] [EUR-Lex OP] [Westlaw JUDG] [Westlaw OP]  
  - C-210/04 FCE Bank plc [EUR-Lex JUDG] [EUR-Lex OP] [Westlaw JUDG] [Westlaw OP]  
  - C-7/13 Skandia America [EUR-Lex JUDG] [EUR-Lex OP] [Westlaw JUDG]  
  - VAT and Pension Funds in the European Union  
  - Supplemental Reading:  
    - 289/86 Vereniging Happy Family [EUR-Lex JUDG] [EUR-Lex OP] [Westlaw JUDG] [Westlaw OP]  
    - C-110/94 INZO [EUR-Lex JUDG] [EUR-Lex OP] [Westlaw]  
    - C-3/97 Goodwin [EUR-Lex JUDG] [EUR-Lex OP] [Westlaw JUDG] [Westlaw OP]  
    - C-111/05 Aktiebolaget NN [EUR-Lex JUDG] [EUR-Lex OP] [Westlaw JUDG] [Westlaw OP]  
    - C-89/09 Graphic Procédé [EUR-Lex JUDG] [Westlaw JUDG]  
    - C-169/04, Abbey National [EUR-Lex JUDG] [EUR-Lex OP] [Westlaw JUDG] [Westlaw OP]  
    - C-363/05, JP Morgan Fleming Claverhouse Investment Trust [EUR-Lex JUDG] [EUR-Lex OP] [Westlaw JUDG] [Westlaw OP]  
    - C-424/11, Wheels Common Investment Fund Trustees Ltd [EUR-Lex JUDG] [Westlaw JUDG]  
    - C-464/12, ATP PensionService A/S [EUR-Lex JUDG] [EUR-Lex OP] [Westlaw JUDG]  
    - C-26/12, Fiscale eenheid PPG Holdings BV [EUR-Lex JUDG] [EUR-Lex OP] [Westlaw JUDG] |
| September 26 | VAT in the European Union (2) | - Sourcing  
- Tax point  
- Compliance  
  - VAT Administration: Issues and Enforcement, 128 TAX NOTES 431 (July 26, 2010) [Lexis Advance]  
  - Modifications to EU VAT Sourcing Rules, TAX ADVISER 360 (2013). [Westlaw] [ProQuest]  
  - Upcoming 2015 Changes in EU Sourcing Rules For Electronic Supplies, Broadcasting and Telecommunications Services, DAILY TAX REPORT (BNA). [Bloomberg BNA]  
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| Oct. 3     | Introduction to Trade & Customs | - Viewing BEPS from a Customs Perspective, KPMG WHAT’S NEWS IN TAX? (Oct. 2015).  
Supplemental Reading:  
- C-461/12 Granton Advertising [EUR-Lex JUDG][EUR-Lex OP][Westlaw JUDG][Westlaw OP]  
- C-605/12 Welmory [EUR-Lex JUDG][EUR-Lex OP][Westlaw JUDG] |
| Oct. 11 (Tuesday Class due to Columbus Day) | Introduction to the Canadian Indirect Tax System  
- C. Orel Martinez & S. Lugo, Mexico - Value Added Tax, TOPICAL ANALYSES IBFD. [IBFD] |
| October 17 | Introduction to the Brazilian Indirect Tax System  
- Of Soccer, Samba, and Taxes: An Overview of Brazil’s Indirect Tax System, TAX ADVISER (June 2014). [ProQuest]  
| October 24 | Introduction to Chinese Indirect Tax System  
- Consumption Tax Trends 2012: Chapter 7 (VAT and GST systems in federal countries). Proposed Bills: |
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<tr>
<td>Oct. 31st</td>
<td>Practical Considerations for VAT and Customs</td>
<td>- VAT Compliance: The Taxpayer’s Perspective, 129 TAX NOTES 245 (Oct. 11, 2010). [Lexis Advance]</td>
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<td>Dec. 14, 2016</td>
<td>Final Exam</td>
<td>Final Exam: 3 hours</td>
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Supplemental Reading:
- Blueprint - [http://abetterway.speaker.gov/](http://abetterway.speaker.gov/)