### MBA/ACCT 708 - 001
Taxes and Business Strategy
Spring 2016
Version #1 February 2, 2016

<table>
<thead>
<tr>
<th>Professor:</th>
<th>Richard G. Larsen</th>
<th>Course Website:</th>
<th>Blackboard</th>
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</thead>
<tbody>
<tr>
<td>E-mail:</td>
<td><a href="mailto:rlarsen@gmu.edu">rlarsen@gmu.edu</a></td>
<td>Phone:</td>
<td>703-628 0159 (cell)</td>
</tr>
<tr>
<td>Office Hours:</td>
<td>Mon. &amp; Wed. 3:00 – 4:00 and by appointment</td>
<td>Office:</td>
<td>101 Enterprise Hall</td>
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<tr>
<td>Class Time and Location</td>
<td>6:30 – 10:05 pm Tuesdays Mason Hall D005</td>
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#### Required Text:
- Advanced Strategies in Taxation; by Sally M. Jones and Shelley C. Rhoades-Catanach; 4th Edition, McGraw-Hill Irwin (This is an older book published in 2005 and I should have copies for all of you to borrow for the semester.)
- You are to read the book or listen to the CD (one CD is only a couple of hours long) of Stephen Covey’s book, Seven Habits of Highly Effective People.
- HBR’s 10 Must Reads, On Managing Yourself.

#### Other readings
To be assigned during semester and posted to blackboard

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**Course Objective:** The objective of this course is to provide a framework for making managerial decisions in a global tax environment. The course will examine business decisions such as location of facilities, international and state and local tax considerations, employee compensation, mergers and acquisitions, capital and asset structure, and business form. The material focuses on tax planning concepts and the effect of taxes on business decisions, rather than detailed tax rules and legal research. We begin by developing a conceptual framework for evaluating how tax rules affect financial decisions.

Specific objectives include:
- Course not geared to just teach tax professionals-although it would be helpful
- Develop ability to consider tax aspects of transactions
- Be able to minimize tax costs and harmonize with other business considerations
- Basic understanding of tax planning from an executive’s perspective
• Further develop your personal communication and presentation skills
• Personal financial planning for executives
• In addition, during the course we will also review
  • financial reporting and accounting for income taxes
  • choice of business entities
  • compensation planning
  • international, and state and local tax planning,
  • mergers, acquisitions and divestitures

**MBA program learning goals** (those in **bold** will be addressed in this class):

1. **Teaming & Leading:** Our graduates will demonstrate the team leadership and interpersonal skills needed to form, lead, and work effectively on diverse organizational teams.
2. **Analytical Decision Making:** Our students will demonstrate the ability to analyze uncertain complex management situations using appropriate tools, techniques and information systems for decision-making.
3. **Knowledge of Functional Business Disciplines:** Our graduates will demonstrate the ability to integrate knowledge from all functional areas of business into a meaningful firm-level perspective
4. **Global Understanding:** Our graduates will demonstrate a perspective on how businesses operate in the global environment.
5. **Communication Skills:** Our graduates will demonstrate written, oral and presentations skills necessary to explain problems and solutions effectively and persuasively.
6. **Ethics and Social Responsibility:** Our graduates will have a sense of professional and social responsibility in the conduct of managerial affairs.

**Format:**

**General:**

Classroom activities are designed to give students the opportunity to share their understanding of the material with classmates and the instructor. Students should come to class prepared to discuss and solve problems related to the assigned topics for that day. Assigned readings, exercises and problems, and participation in discussion questions posted to Blackboard are to be completed prior to class meetings. As new material is introduced, individual students may be selected to solve examples. Students also will solve problems in small groups and may be asked to present their solutions to the class.

We will not have time in class to discuss all assigned material. Students are responsible for all material in assigned readings whether or not discussed in class. Questions regarding material or other matters should be directed to me through email or during office hours. Students are also responsible for any material covered in class that is not in the assigned readings. In addition, students are responsible for all changes of schedule or assignment announced in class or by any
electronic medium. I will send email through the Blackboard system or through the GMU Global Address book. Please ensure that you either check those accounts or have your mail forwarded to the account you regularly use.

I will also be pleased to provide advice on career matters such as resume writing, job placement and other matters.

As you all know, the classroom is a community, and we are all responsible for creating an environment conducive to learning. Certain behaviors are disruptive and disrespectful and are not acceptable in the classroom. They include arriving and leaving late, leaving the room during lectures, making or receiving phone calls (cell phones should be off or silent), sending and receiving text messages, reading and sending email, reading papers or materials from other classes, surfing the web, talking when the professor is talking or when classmates are talking to class, etc. **I am asking that all computers and cellphones be turned off during the class period.** I assume that you will all behave professionally.

**Problem Sets and Written Assignments:**

Students must complete assigned problem sets and other assignments throughout the semester. Problem sets are individual assignments designed to reinforce the textbook material and concepts discussed in class. While I encourage students to discuss problems with each other outside of class, problem sets must reflect individual work, and I will not accept problem sets where individuals have copied each other’s work. Moreover, it is NOT acceptable for students to distribute solutions to, or compare solutions with, other students. In fact, I consider sharing work with other students an ethics violation—see below.

**Research and writing project:**

Each case group must write a 10 – 15+ page paper that discusses some aspect of current tax policy in the United States or another country. I have provided some suggestions at the end of this syllabus but please feel free to explore other topics. (See suggestions at end of this syllabus.)

Each group must obtain my approval of their topic BEFORE proceeding with the project. Topics will be approved on a ‘first-come-first-serve’ basis—there will be no duplicate topics. I will evaluate each project based on three dimensions: (1) the substance of the written report, (2) the writing of the written report, and (3) the approximate 30-45 minute presentation to the entire class with discussion.

Papers will be evaluated to detect improper “matching text” (i.e., plagiarism). Thus, it is imperative that you properly cite your sources. If you are copying text word-for-word, use quotation marks and cite the source and page number for the quotation. If you are paraphrasing a source, you still need to cite the source and page number for the paraphrased text.
In general, whenever quoting or paraphrasing text from another source, you should footnote the source’s author(s), title, and relevant page number(s) in a footnote that immediately follows the quoted or paraphrased text. In addition, please prepare a bibliography at the end of the paper that lists (alphabetically by author) all sources utilized to complete the project.

**Grading and Assignments (% of course grade):**

**Research and Writing Project (50%).** The project is a comprehensive research project on some aspect of current tax policy in the United States that is to be completed in groups of four students. Because a primary skill of successful executives is effectively communicating, your project will be graded for quality of writing and presentation as well as the content. Out of a possible 100 points for the semester, the written portion of this project will constitute a maximum of 30 points and the oral presentation to the class up to an additional 20 points (each member of the group must present a portion of the presentation).

**In-class and discussion board participation and discretionary portion of grade (30%).** I believe that communication, presentation and the ability to work in groups are important and essential skills for successful executives. **Discussion Board Participation:** Up to 20% of your grade will be based upon your participation and insight regarding questions posed on the discussion board section of Blackboard. **Classroom Participation:** The quality and the extent of your class participation will also determine the points you will receive for this portion of the grade. It is possible to earn more than 10% of your grade as a result of classroom participation, however, the classroom participation, discussion board participation and the discretionary portion of the grade cannot exceed 30% of your total grade. As discussed above in the “Format” section, you should come to class having read the assigned materials and completed the required problems, case studies and problem sets. Be prepared for an active discussion of the materials and have identified questions or observations that you would like to address with the class. Active participation will get you points per class whereas missing class or silence during class will result in no points for that class. Fundamental to this course is learning how to diagnose and understand both your and others’ real life experiences and sharing thoughts on the various readings and theories. Your participation is needed to accomplish this goal. Put simply, you learn more and others learn more when you add value through your participation. I will work hard in class to make sure that everyone that wants to participate can participate.

Here is a further description of ways in which you can add value to class:

1. Respond to questions (provide articulate answers, summaries, findings, facts, quotes)
2. Spontaneously offer your perspective (work-based, class-based)
3. Actively promote class discussion (react to others, faculty material, see linkages across articles)
4. Facilitate process (seek elaboration, ask for clarification, leverage points being made, summarize ideas being offered, seek feedback encourage others)
5. Be respectful
6. Be parsimonious (get to the point, stay on point, don’t “hog” air time)
7. Serve as a team representative

Individual Problem Sets and Group Case Studies (20%). During the semester, individual problem sets will be assigned. Assignments will be graded for both content and writing quality. I will attempt, where possible, to identify current transactions and developments for these assignments, and generally will be assigned at least two weeks before the due date. See “general rule” below regarding due dates for turning in assignments.

Final grades will be determined using a straight scale (i.e., A = 90 or more points, B = 80 to 89 points, C = 70 to 79 points, D = 60 to 69 points, with NO CURVE based on specific assignment grades and weights described above. There will be no opportunity for extra credit.

Communication: Any changes in assignments or schedule will be announced via the course web page on blackboard or in class. Ignorance of course changes due to failure to access the page or attend class is not an acceptable excuse.

Scholastic Dishonesty: GMU Honor Code: Honor System and Code: The Honor System and Code adopted by George Mason University will be enforced for this class: www.gmu.edu/departments/unilife/honorcode. In your work on all written assignments, keep in mind that you may not present as your own the words, the work, or the opinions of someone else without proper acknowledgement. You also may not borrow the sequence of ideas, the arrangement of material, or the pattern of thought of someone else without proper acknowledgement. Please note: Faculty are obligated to submit any Honor Code violations or suspected violations to the Honor Committee without exception. See the School of Business honor code violations guidelines in the Content Tab, General Background Information tab on Blackboard. I am very strict about honor code violations.

General Rules:

Unless otherwise specified, all assignments are due by the beginning of class on the date due. All late assignments will be penalized 20% of the possible points for each day late.

Valid reasons for missing a class or assignments are very rare (e.g., religious holidays, serious illness, death in the immediate family, etc.). Please discuss any such issues with me as soon as they arise. You will not pass this class if you do not attend.
**Disability**: If you have a disability and you need academic accommodations, please see me and contact the Office of Disability Services (ODS) at 703-993-2474. All academic accommodations must be arranged through the ODS. Please take care of this during the first two weeks of the semester. More information about ODS is available at http://www.gmu.edu/student/drc

**Religion**: Students who will miss class for religious reasons should inform me of their anticipated absences as soon as possible.

**Counseling center**: George Mason University has a counseling center that can provide assistance if you find yourself overwhelmed by life, want training in academic or life skills, or the like. More information is available at [http://www.gmu.edu/departments/csdc/](http://www.gmu.edu/departments/csdc/)

**Business Library Liaison Information**: Jo Ann J. Henson, MLIS Business and Economics Liaison Librarian, Fenwick Library Fairfax Campus: [http://infoguides.gmu.edu/business](http://infoguides.gmu.edu/business)

**Writing center**: George Mason University has a writing center that can help you improve your English writing skills. More information is available at [http://writingcenter.gmu.edu/](http://writingcenter.gmu.edu/)

**Inclement weather & campus emergencies**: Information regarding weather related changes in the University’s schedule (e.g., closing or late opening) will be provided on the GMU website and via MasonAlert. I plan to hold class unless the campus is officially closed. If class is cancelled due to inclement weather or other emergency, activities (e.g., coverage of material, exams, etc.) scheduled for that class will be moved to the next class. We will discuss further changes when we meet. Students can sign up for the Mason Alert system to provide emergency information at [https://alert.gmu.edu](https://alert.gmu.edu).

**Emergency Poster**: An emergency poster exists in each classroom explaining what to do in the event of crises and that further information about emergency exists on [http://www.gmu.edu/service/cert](http://www.gmu.edu/service/cert).
Assignments:

<table>
<thead>
<tr>
<th>ACCT/MBA 708 Course Assignments, Spring 2016</th>
<th>Topics</th>
<th>Assignments</th>
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<tbody>
<tr>
<td>#1 Feb 2, 2016</td>
<td>Introduction, Strategic Tax Planning, Tax Research and a Career in Tax</td>
<td>(1) Read Chapters 1 and 2 of Text. (2) Review and begin selection of Group Research and Writing Project -- some suggestions are given at the end of the syllabus. Your group team assignment and suggested topics are also included in the April 5 and 12 Content folder -- Group Research and Writing Project.</td>
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<td>#2 Feb 9, 2016</td>
<td>Some thoughts on Both Ethics &amp; Managing Your Career</td>
<td>(1) Read/skim book or listen to CD: Stephen Covey, Seven Habits of Highly Effective People. (Abbreviated versions are acceptable); (2) log onto the Tax Analysts website or GMU electronic library (URLs are posted in the Course Content section Blackboard in the folder entitled General Background Information) and answer the tax questions that are posted in the Assignments folder in Blackboard. Bring two copies of your solutions to class, one to turn in for a grade. I would suggest using RIA Checkpoint found on the GMU library database; (3) read SOB Honor Code Guidelines posted in Blackboard for Feb 9.</td>
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<td>#3 Feb 16, 2016</td>
<td>(1) Current State and Local Tax Topics -- Sales and Use Taxes -- eCommerce and Cloud Computing, Guest Lecturer, Sales and Use Tax Services, Ernst &amp; Young; (2) Choice of Business Entities</td>
<td>(1) Read Chapter 10 of the Text, (2) Other materials provided by the speaker--will post later</td>
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<td>#4 Feb 23, 2016</td>
<td>Sources of Tax Law, the Tax Legislative Process, and Resumes and Getting a Job</td>
<td>Read article in content section for this class on Federal Statutes and the Legislative Process</td>
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<td>#5 Mar 1, 2016</td>
<td>Compensation Planning and Key Skills</td>
<td>(1) Read Chapter 4 of the text; (2) Detailed outline and draft of research and writing project due; (3) Individual Writing Assignment: &quot;Tax Issues of Public Company Compensation&quot; posted on Blackboard. Submit one copy at the start of class and bring a paper copy with you to discuss in class.</td>
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<td>#6 Mar 8, 2016</td>
<td>Spring Break</td>
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<td>#7 Mar 15, 2016</td>
<td>(1) How to evaluate an acquisition -- Guest Speaker-- John Camp, Managing Director, Arbor Investments, a private equity firm based in Chicago; (2) Mergers, Acquisitions and Divestitures</td>
<td>(1) Read acquisition proposal write up posted on Blackboard; (2) read article entitled &quot;A compendium of Private Equity Tax Games” posted on Blackboard; (3) read Chapter 13.</td>
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<td>Date</td>
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<td>#8 Mar 22, 2016</td>
<td>(1) International and Multijurisdictional Tax Planning -- Offshoring and Inversions (2) Financial Reporting of Income Taxes</td>
<td>(1) Read Chapter 11, &quot;International Business Expansion. (2) Individual Writing Assignment: &quot;A number of Counties have Patent Box Regimes: What are They and Should the US Adopt this Approach?&quot; posted on Blackboard. Submit one copy at the start of class and bring a paper copy with you to discuss in class. (3) Read Business Roundtable, &quot;Taxation of American Companies in the Global Marketplace: A Primer.&quot; (4) Read and be prepared to discuss Holo and Heckman, “Inversions Inside Out” and Kleinbard, &quot;Competitiveness&quot; has Nothing To Do With It.&quot; (Copies of the articles can be found on Blackboard)</td>
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<td>#9 Mar 29, 2016</td>
<td>Personal Financial Planning -- Building Wealth, Investing and Estate Planning</td>
<td>(1) You can read chapters 15 and 17 of text but not required; (2) Review Medtronic’s April 24, 2015 Annual Report and answer the questions posted on Blackboard. Bring 2 copies of your answers to class-one to turn in for a grade.</td>
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<td>#10 April 5, 2016</td>
<td>Presentation of research and writing project papers</td>
<td>email me copy of your presentation and provide printed copy before class</td>
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<td>#11 April 12, 2016</td>
<td>Presentation of research and writing project papers</td>
<td>email me copy of your presentation and provide printed copy before class</td>
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<td>TBD</td>
<td>No class</td>
<td>email me written research paper if you have not previously given me a copy</td>
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Possible Research Paper topics

- Identify theft and filing fraudulent tax returns—what’s happening and what can be done about it
- What are the tax consequences of the various immigration reform proposals?
- In 2009 both the UK and Japan lowered their corporate rates and adopted a territorial tax system in order to attract and retain business within their borders. What was the result? Was it successful?
- Green taxes—how is the tax system being used to implement environmental policy?
- Global corporate tax rates – What are the consequences of having one of the highest rates in the world? Given the current deficits, should we reduce corporate US rates as some have proposed?
- Casino in the Cloud—what are the tax considerations?
- Off-shoring and inversions -- pros and cons from a tax perspective
- Current legislative attempts to curb tax haven abuses—what’s being considered and do you think it will work?
- FATCA and secret offshore bank accounts -- the UBS tax scandal? Is FATCA working to catch the tax cheats?
- Should the US adopt a financial transaction tax?
- Cloud Computing – what are the tax issues?
- Develop tax risk management guidelines for a board of directors of a company
- FIN 48 – Calculation and financial disclosures for uncertain tax positions – consequences
- Accountant’s income tax work papers – is the current IRS policy of restraint still appropriate?
- What you can learn from tax related financial disclosures (provide actual examples)
- Ethics, tax planning, and earnings management
- Sales and use taxes and internet sales – what are the current issues?
- What are the pros and cons of adapting a VAT in the US?
- You are on the President’s tax panel tasked with recommendations to the President on fundamentally reforming our tax system --what would you propose and why?
- Why not pay corporate taxes based on book income as reported in the financial statements?
- Tax issues of doing business in a country such as China, India, Russia, Brazil, etc. This would be particularly interesting if you are an international student.
- Tax considerations of starting your own business
- Tax aspects of a company going public
- Should the US adopt a Patent Box regime?
- Compensation policies for startup companies
- The OECD Base Erosion and Profit Shifting Project
- Any other topic approved by Prof. Larsen
You could also go to taxsites.com (I would suggest reviewing the material published by the various tax “think tanks” or go to TaxAnalysts.com and find something of interest (I would suggest reviewing “Tax Notes—either federal, international or state and local”). The instructions on gaining access to Tax Analysts.com are found on Blackboard under the “General Background Information” folder. I would be pleased to discuss possible topics with any group and to offer other suggestions for sources to consider for your research materials.