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

MBA 708 - 002
Taxes and Business Strategy
Spring 2012

<table>
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<tr>
<th>Professor:</th>
<th>Richard G. Larsen</th>
<th>Course Website:</th>
<th>Blackboard</th>
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<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>
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<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>4:30 – 7:10 Mondays</td>
<td>ENGR 1107</td>
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<td>Required Text:</td>
<td>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 specially printed copies are available in the bookstore or used copies through Amazon.)</td>
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Prerequisites: Completion of M.B.A. core requirements or permission of instructor

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, 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 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 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 knowledge of all core functional areas of business and an ability to integrate them into a meaningful firm level perspective.

4. **Global Understanding** - Our graduates will demonstrate knowledge of 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. **Law, Ethics, and Social Responsibility** - Our graduates will demonstrate knowledge of the legal and ethical environment of management and business social responsibility.

**Format:**

**General:**

Classroom activities are designed to give students the opportunity to solve tax problems and 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 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 not covered in class 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.

**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. Not all problem sets will be counted for your grade—it will be decided during class which problem sets and assignments will be graded.

Group Case Studies:

Students must complete assigned cases throughout the semester. These assignments require students to apply textbook theories and concepts to ‘real world’ cases. Students will work together in their pre-assigned groups, and each group should turn in one copy of each case. Groups should NOT work together. Students should only work with other students in their group. (Think of this as a case competition.) Moreover, it is NOT acceptable for groups to split up assignments between group members (e.g., student #1 completes case #1, student #2 completes case #2, etc.). Such behavior does not constitute group work. Each member of the group will receive the same grade assigned to the group solution.

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. 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. 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 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 but see special bonus points opportunity below):

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 (105 if you qualify for the bonus points), the written portion of this project will constitute a maximum of 35 points and the oral presentation to the class up to an additional 15 points, or a total maximum points of 50.

**In-class participation (25%).** I believe that communication, presentation and the ability to work in groups are important and essential skills for successful executives. 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 2 points per class whereas missing class or silence during class will result in no points for that class. There are 14 classes this semester and therefore you can potentially earn 28 points, a maximum of which 25 points will count for your grade. 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 be turned off during the class period.* I assume that you will all behave professionally.

**Individual Problem Sets and Group Case Studies (25%).** During the semester, individual problem sets and group case studies 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.

**Bonus 5 points** – You will be able to earn an additional 5 points toward your grade by helping me teach a 15 minute section of a class on a narrow topic. There will be limited opportunities for these sessions so please indicate your interest early in the semester. This is a good way to make up points for classes that you will have to miss.

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.

**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:** I expect all students in class to follow the [GMU Honor Code](#). Violations of the Honor Code will be forwarded to the Honor Council for resolution. In short, all individual assignments should be your own work without assistance from anyone else; all group work can be done only with your group members. Groups may occasionally discuss problems with other groups, but each group must submit its own work for grading. 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. Assignments are considered late even if they are only minutes 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.

**Students with disabilities:** If you are a student with 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.

**Mason Alert System:** 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).

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<tr>
<th>Date</th>
<th>Assignment</th>
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<tr>
<td>#1 Jan 23, 2012</td>
<td>Introduction, Strategic Tax Planning and a Career in Tax</td>
<td>(1)Read Chapter 1 of Text. (2)Review and begin selection of Group Research and Writing Project -- some suggestions are given at the end of the syllabus. (3)Come to class on bringing 2 copies of your solutions to Tax Planning Case 3 at the end of chapter 1. (Note that the problem does not include an asset that depreciates in value)</td>
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<td>#2 Jan 30, 2012</td>
<td>Tax Research, Sources of Tax Law, and the Tax Legislative Process</td>
<td>(1) Read Chapter 2 of Text on Tax Research; (2) be prepared to discuss with your group (the groups will be established during class) the Group Research and Writing Project; (3) log onto the Tax Analysts website or GMU electronic library (URLs are posted on Blackboard) and answer the tax questions that are posted in Blackboard.</td>
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<td>#3 Feb 6, 2012</td>
<td>Organizational Strategies -- Choice of Business Entities&lt;br&gt;Financial Reporting of Income Taxes</td>
<td>(1) Read Chapter 3 of text on Organizational Strategies; (2) Prepare the solutions to Application Problems 1 and 2 at the end of Chapter 3 of the text--bring 2 printed copies of your answers to class; (3) Read Chapter 5 of text; (4) read E&amp;Y Financial reporting developments - Accounting for Income Taxes, Revised December 2009 Sections T-1 through intro T-302 pages 1-12 located in Blackboard; (5) Review Microsoft's June 30, 2010 Annual Report and answer the questions posted on Blackboard. Bring 2 copies of your answers to class—one to turn in. (6) Skim/read Fin 48, (5) Skim/read Credit Suisse report (peaking behind the curtain), and (7) review the three sample tax disclosure and reference index -- all of which are located in Blackboard.</td>
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<td>#4 Feb 13, 2012</td>
<td>Ethics and some thoughts on your career</td>
<td>Read book or listen to CD: Stephen Covey, Seven Habits of Highly Effective People (optional)</td>
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<td>#6 Feb 27, 2012</td>
<td>International and Multijurisdictional Tax Planning, Guest speaker, Margie Rollinson, Ernst &amp; Young's International Tax Services, Director of Technical Services and America's Director of Knowledge Sharing</td>
<td>Read the April 5, 2010 Tax Notes article entitled &quot;The U.S. International Tax System At a Crossroads,&quot; by Barbara Angus, Tom Neubig, Eric Solomon, and Mark Weinberger. A copy of the article can be found on Blackboard.</td>
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<td>#7 Mar 5, 2012</td>
<td>Personal Financial Planning</td>
<td>Read Chapters 15 and 17 of the text</td>
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<td>#8 Mar 12, 2012</td>
<td>No Class --Spring Break</td>
<td>Enjoy--I know I will</td>
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<td>#9 Mar 19, 2012</td>
<td>Compensation Planning</td>
<td>(1) Read Chapter 4 of the Text; (2) Read Prof. Steve Balsam's article &quot;162(m), the Museum of Unintended Consequences&quot; and be prepared to discuss in class the questions posted on Blackboard entitled &quot;Tax Issues of Public Company Compensation.&quot;</td>
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<td>10</td>
<td>Mar 26, 2012</td>
<td>Current State and Local Tax Topics -- Sales and Use Taxes -- eCommerce and Cloud Computing, Guest Lecturer, Faranak Naghavi, National Director of Sales and Use Tax Services, Ernst &amp; Young</td>
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<td>11</td>
<td>Apr 2, 2012</td>
<td>Mergers, Acquisitions and Divestitures</td>
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<td>12</td>
<td>Apr 9, 2012</td>
<td>How to evaluate an acquisition -- Guest Speaker--John Camp, Partner, Southfield Capital Advisors</td>
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<td>13</td>
<td>Apr 16, 2012</td>
<td>Presentation of research and writing project papers</td>
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<td>14</td>
<td>Apr 23, 2012</td>
<td>Presentation of research and writing project papers</td>
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<td>15</td>
<td>Apr 30, 2012</td>
<td>Presentation of research and writing project papers</td>
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**MBA 708 Taxes and Business Strategy**

**Possible Research Paper topics**

- Obama’s corporate tax reform proposals – what possible unintended consequences may result?
- 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?
- Off-shoring -- 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?
- Secret offshore bank accounts -- the UBS tax scandal? What can the IRS do to catch these tax cheats?
- 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 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?
• Using the tax system for implementing environmental policy
• Internet sales tax issues
• Tax issues of doing business in a country such as China, India, Russia, Brazil, etc.
• Tax considerations of starting your own business

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 TaxAnalysts.com are found on Blackboard under the “Reference Materials” 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.