



THE ADVANCED DIPLOMA IN INTERNATIONAL TAXATION

May 2007

PAPER III

PRINCIPLES OF CORPORATE AND INTERNATIONAL TAXATION

B – EUROPEAN COMMUNITY OPTION

TIME ALLOWED – 3 HOURS

- You should answer any **FOUR** out of seven questions.
- Each question carries equal marks.
- Start each answer on a new sheet of paper.
- Marks are specifically allocated for presentation.

1. **You are required to discuss the roles played by 1) national courts and 2) the European Commission in relation to the provision of State Aid in tax matters by Member States. You should illustrate your answer with cases that you have read.** (25)

2. "The case law of the European Court of Justice continues to impact on areas such as dividend taxation, exit taxes, and tax treaties and creates uncertainty for multinationals operating internationally."

You are required to discuss. You should illustrate your answer with cases that you have read. (25)

3. "The concept of "tax avoidance" is no longer a domestic law concept. It is clearly a European Law concept."

You are required to critically analyse this statement. You should use cases that you have read to illustrate your answer. (25)

4. You are a tax adviser working for MNE (International) Ltd, a USA based multinational, which provides international banking services. Your Head of Tax, Mrs James, has asked you to do some research on the free movement of capital and on Third Country rights.

You are required to produce a concise memorandum on these subjects for Mrs James and to discuss any relevant European Court of Justice jurisprudence.(25)

5. "The notion of comparability in the jurisprudence of the European Court of Justice is of importance when considering discrimination and restriction. It is vital to understand this notion correctly. For instance, two German companies, both resident in Germany, can be treated differently because they may not be comparable. Similarly, a company which is non-resident in Germany can be comparable to a company resident in Germany."

You are required to discuss this statement in the area of corporate taxation. You should illustrate your answer with cases you have read. (25)

6. "The Community's VAT system and its direct tax legislation like the Interest and Royalties Directive, the Parent-Subsidiary Directive and the Mergers Directive indicate that common rules cause as many problems as national tax rules in a cross-border environment."

You are required to discuss this statement. You should illustrate your answers with cases you have read. (25)

7. "The area of transfer pricing is becoming increasingly significant to the Community. In this respect, solving the problem of double taxation is important because it is an obstacle to international business and investment."

In the light of the above statement, write a short report on the topic of "Transfer Pricing and the European Community". (25)