Brandeis University
INTERNATIONAL BUSINESS SCHOOL

FIN 247A-1 – Transfer Pricing Theory and Practice
Wednesdays – 6:30 pm to 9:30 pm
Spring 2018

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Prerequisites:
ECON 207a, FIN 202a, and either FIN 213a or FIN 214a.

Course objectives:
Transfer pricing refers to a “price setting” exercise adopted by multinational enterprises (MNE’s). For example, if a subsidiary company sells goods to a parent company, the cost of those goods is the transfer price. It can be used as a profit allocation method to attribute a multinational corporation's net profit (or loss) before tax to countries where it does business. Transfer pricing results in the setting of prices among divisions within an enterprise.

Given the extent of globalization in the current business environment, MNE’s have to cope with transfer pricing issues on a day to day basis. An increasing number of countries across the globe are announcing transfer pricing legislation to claim their “fair” share of profits from the MNE’s global income. As a result, this field has attracted significant attention from policy makers, businesses and consulting companies. This course will introduce the students to the economics of transfer pricing and draw upon their multi-disciplinary training across accounting, economics, and finance and apply them to the theory and practice of transfer pricing.

Learning goals and outcomes:
- Understand multinational intercompany pricing from an operational and tax perspective
- Understand application of financial accounting concepts in transfer pricing
- Understand application of financial valuation concepts in transfer pricing
- Understand core elements of tax planning in a multinational organization
- Understand the relevant elements of legal contracting and tax reporting in a transfer pricing context
Method of Instruction:

Instruction will be a combination of lectures, case studies, problem solving, and group projects. This course is very practical and will train the students to learn and apply fundamental concepts from economics and finance to the field of transfer pricing. Problem solving and case studies are very important in this course and class participation is very strongly encouraged from all my students throughout the term. You should read all assigned material (regulatory framework, book chapters, case studies etc.) since they will help you imbibe the concepts in a meaningful way.

Course materials

Some of the references (marked) below are available for free on the web. For the others, I will either provide a course pack or will provide separate handouts and references.

- U.S. Treasury Regulations, Section 482 (AVAILABLE ONLINE)
- OECD Transfer Pricing Guidelines for Multinational Enterprises (AVAILABLE ONLINE)
- Transfer Pricing and Corporate Taxation: Problems, Practical Implications and Proposed Solutions, by Elizabeth King

The lecture notes and other materials that I will post on LATTE are equally important as the references above.

In addition, I will provide references to some concepts (used from the field of economics or finance) to help sharpen your understanding of the lectures.

Cases and Additional Readings: Will be either handed out in class or electronically distributed via LATTE or email.

Homework Problem Sets: There will be no homework’s in this course other than the case studies and pre-reading materials for in-class discussions.

Case Studies:
The case studies will be group assignments that can be completed in groups of no more than three people in your section. Written case study assignments are due at the start of the class. Late assignments will not be accepted.

There will be three in-depth case studies that you will need to complete. The format of each will be different and the submission requirement of each will be specified along with the case study.

Grading and Student Evaluation:

The final grade will be determined according to the following components:

- Case Study Discussions and Assignments 30%
- Mid-term examination 30%
- Final Exam 40%
- Total 100%
Class Contribution: Contribution is an essential component in the overall education experience. Contribution takes many forms: asking informed questions in class, handing in solved problem sets, contributing actively to group projects, making intelligent comments, reading the assigned cases and being prepared to discuss the issues, actively listening to your peers and working with others. Please remember that quantity is no substitute for quality. There will be ample opportunity to contribute to the class. It is your responsibility to ensure that you take an active role in the class. If this is a problem for you, I urge you to talk to me to discuss ways you can make a contribution.

Assignments and Exams: Apart from the three case studies, there will be a mid-term and a final examination. The final exam is comprehensive and cumulative. There will be no makeup exams or assignments for this course, except only under extraordinary circumstances.

My exams are not open book or open notes. However, you may bring two crib sheets to the midterm and final exam. A crib sheet is an ordinary (A4) piece of paper, 8-1/2" x 11", on which you may write, type, print, or copy any relevant information. You may use both sides of the sheets. You may not staple or tape any extensions or booklets onto the crib sheet. Do not abuse this privilege – if you do, this will constitute cheating and appropriate penalties as described under academic integrity will be imposed.

Use of Laptop Computers and Cell Phones in Class:

Cell phones and PDA.s must be turned off during lectures. Laptops may be used but ONLY to browse the lecture slides or take notes. Regular class attendance is mandatory and strongly advised if you want to do well in the course. I stick quite closely to my slides and what I discuss in class when setting exam questions. Laptop computers and cell phones may not be used during exams.

Disabilities:

If you are a student with a documented disability on record at Brandeis University and wish to have a reasonable accommodation made for you in this class, please see me immediately.

Academic Integrity:

The instructor enforces all University rules, especially those regarding academic honesty and integrity. Note: there is a zero tolerance level in this area. Plagiarism is cheating. The use of another’s material without permission and without recognition is cheating. This applies to text books, solution manuals, study guides, a friend's assignment, past assignments, internet resources or any other material irrespective of the source. You are expected to be honest in all of your academic work. Please consult Brandeis University Rights and Responsibilities for all policies.
and procedures related to academic integrity. Students may be required to submit work to TurnItIn.com software to verify originality. Allegations of alleged academic dishonesty will be forwarded to the Director of Academic Integrity. Sanctions for academic dishonesty can include failing grades and/or suspension from the university. Citation and research assistance can be found at LTS - Library guides