## Table of Contents

Princ	ripal Authors	v
Conti	ributing Authors	vii
Forev	word	xxvii
Prefa	ce	xxix
List c	of Abbreviations	xxxi
Intro	duction	I
An In	ntroduction to European Tax Law	7
1	The Historical and Institutional Background	7
2	The Fundamental Freedoms	10
3	Directives	11
4	The CCCTB Project	11
5	Taxation of the Digital Economy	13
Part	I	
Gene	ral Description	15
Austr	ralia	
Richa	ırd Vann & Graeme S. Cooper	17
1	History of the Income Tax	17
2	Constitutional Issues	19
3	Tax Rates	19
4	Composition of the Fiscal System	20
5	Basic Structure of the Income Tax	21
6	Tax Legislation	22
	6.1 Legislative Process	22

Table of	Conte	nts
----------	-------	-----

		23
	6.2 Statutory Style	25
	6.3 Statutory Interpretation	26
7	Courts Dealing with Tax Matters	26
	7.1 Appeal Processes	28
	7.2 Judicial Expertise	28
8	Tax Administration	31
9	General Principles	31
	9.1 Relation of Tax and Financial Accounting	32
	9.2 Respect for Legal Form	33
	9.3 Tax Avoidance and Anti-avoidance Legislation	37
10	Tax Treaties	39
11	Sources of Tax Law	37
Canac		41
	J. Arnold	41
1	History of the Income Tax Act	41
2	Constitutional Issues	42
3	Tax Rates	42
4	Composition of the Fiscal System	43
5	Basic Structure of the Income Tax	45
6	Tax Legislation	45
	6.1 Tax Legislative Process	45
	6.2 Statutory Style	
7	6.3 Statutory Interpretation	47
8	Courts Dealing with Tax Matters	49
9	Tax Administration	50
y	General Principles 9.1 Relationship Between Tax and Financial Accounting	52
	Ton and I maneral recounting	52
	<ul><li>9.2 Respect for Civil or Private Law Form</li><li>9.3 Anti-avoidance Doctrines and Rules</li></ul>	53
10	Tax Treaty Network	53
11	Sources of Tax Law	57
		58
Chin		
	nn Li	61
1	History of the Income Tax	61
	1.1 Individual Income Tax	62
2	1.2 Enterprise Income Tax	62
2	Constitutional Issues	63
3	Tax Rates	63
	3.1 IIT Rates	63
Δ	3.2 EIT Rates	64
4 5	Composition of the Fiscal System	64
J	Basic Structure of the Income Tax 5.1 Individuals	65
	5.1 Individuals	65

$T_{2}$	hl	0	of	Con	tents
1 d	U.	ı.	UL	CUII	tems

	5.2 Corporations	65
6	Tax Legislation	66
	6.1 Legislative Process for Income Tax Matters	66
	6.2 Statutory Style	66
	6.3 Statutory Interpretation	67
7	Courts Dealing with Tax Matters	68
	7.1 Structure of the Courts	68
	7.2 Judicial Style	69
8	Tax Administration	69
9	General Principles	70
	9.1 Relation of Tax and Financial Accounting	70
	9.2 Respect for Legal Form	71
	9.3 Tax Avoidance and Anti-avoidance Legislation	71
10	Tax Treaties	72
11	Sources of Tax Law	73
Franc		
Guy (	Gest	75
1	History	75
2	Constitutional Issues	77
3	Tax Rates	78
	3.1 Progressive IR	78
	3.2 Flat-Rate Individual Income Taxes	79
	3.3 Corporate Income Tax	79
4	Basic Structure of the Fiscal System	79
5	Basic Structure of the Income Tax	80
	5.1 Income Taxes on Individuals	80
	5.2 Corporate Income Tax	82
6	Legislation	83
	6.1 Legislative Process	83
	6.2 Statutory Drafting	84
	6.3 Statutory Interpretation	85
7	Courts Dealing with Tax Matters	85
	7.1 Structure of the Courts	85
	7.2 Judicial Style	87
8	Administration	87
	8.1 Tax Assessment, Collection, and Auditing	87
	8.2 Administrative Interpretations	89
9	General Principles	91
	9.1 Relationship Between Tax and Financial Accounting	91
	9.2 Respect for Civil or Private Law Form	91
	9.3 Anti-avoidance Doctrines and Rules	91
10	Tax Treaty Network	92
11	Sources of Tax Law	93

## Table of Contents

Germ	aany tine Osterloh-Konrad & Wolfgang Schön	95
		95
1	History Constitutional Issues and the Influence of EU Law	95
2	the contract of the contract o	95
	<ul><li>2.1 Legislative Powers</li><li>2.2 Sharing of Tax Revenue</li></ul>	96
	2.3 Impact of Basic Rights on Taxation	96
	2.4 EU Law Influences	98
3	Tax Rates	99
5	3.1 Individual Income Tax	99
	3.2 Corporate Income Tax	99
4	Composition of the Fiscal System	100
4	4.1 Revenue Share of Specific Taxes	100
	4.2 Recent Trends in the Tax System	101
	4.3 Social Security Contributions	102
5	Basic Structure of the Income Tax	103
3	5.1 Individual Income Tax	103
	5.1.1 Principles of the Tax Base	103
	5.1.2 Private Expenses	105
	5.1.3 Nonresident Taxpayers	105
	5.2 Corporate Income Tax	106
	5.2.1 Taxable Entities	106
	5.2.2 Tax Base	100
	5.2.3 Tax System	107
	5.3 Trade Tax	110
6	Tax Legislation	110
	6.1 Legislative Process	111
	6.2 Statutory Style	:
	6.3 Statutory Interpretation	111
7	Courts Dealing with Tax Matters	112
	7.1 Structure of the Courts	113
	7.2 Judicial Style	113
8	Tax Administration	114
	8.1 General	114
	8.2 Assessment and Audit	114
	8.3 Tax Compliance	115
	8.4 Administrative Style	116
	8.5 Taxpayers' Style	118
9	General Principles	118
	9.1 Relationship Between Tax and Commercial Accounting 9.2 Respect for Legal Form	119
	9.2 Respect for Legal Form	119
	9.3 Anti-avoidance Doctrines and Pulsa	120
10	lax Ireaty Network	120
11	Sources of Tax Law	121
		122

India			
D.P. S	Gengupt	1	125
1		ory of Income Tax	125
2		stitutional Issues	128
3	Tax	Rates	130
	3.1	General	130
	3.2	Individuals: Senior Citizens	131
	3.3	Individuals and HUFs	131
	3.4	Surcharge and Cess (Surtax)	132
	3.5	Partnerships and Companies	132
4	Com	position of the Fiscal System	133
5		c Structure of the Income Tax	134
	5.1	Basic Principles	134
	5.2	Treatment of Losses	136
	5.3	Section 14A	136
	5.4	Minimum Alternate Tax and Alternate Minimum Tax	137
	5.5	Business Taxation	137
	5.6	Presumptive Taxation	138
	5.7	Partnerships	139
	5.8	Dividends	139
6	Tax	Legislation	140
	6.1	Tax Legislative Process	140
	6.2	Statutory Style	141
	6.3	Statutory Interpretation	142
7	Cour	rts Dealing with Tax Matters	145
8		Administration	147
9		eral Principles	150
	9.1	Relationship Between Tax and Financial Accounting	150
	9.2	Respect for Civil or Private Law Form	151
	9.3	Anti-avoidance Doctrines and Rules	152
		9.3.1 General	152
		9.3.2 Judicial Anti-avoidance Rules	153
		9.3.3 General Anti-avoidance Rule	155
		9.3.4 Corporate Residence	156
10	Sour	ces of Tax Law	157
Japan			
Minor	u Naka	zato, Mark Ramseyer, Takeshi Fujitani & Yasutaka Nishikori	159
1	Histo		159
2	Cons	stitutional Issues	162
3		Rates	163
4	Com	position of the Fiscal System	164
5		c Structure of the Income Tax	166
	5.1	Individuals	166
	5.2	Corporations	167

Та	hl	۵	Ωf	Contents
1 41	O	ı.	U1	Contents

	T. Lecislation	168
5	Tax Legislation 6.1 Legislative Process for Income Tax Measures	168
		169
	6.2 Statutory Style	169
_	6.3 Statutory Interpretation	170
7	Courts Dealing with Tax Matters 7.1 Structure of the Courts	170
		171
_	7.2 Judicial Style	172
8	Tax Administration	174
9	General Principles 9.1 Relation Between Tax and Financial Accounting	174
	1/01/11/11/11	174
		175
10	9.3 Anti-avoidance Doctrines or Legislation Tax Treaties	175
10	Sources of Tax Law	176
11		176
	11.1 Sources of Tax Law	177
	11.2 Available Materials	2
	Netherlands	179
	van Raad & Frank Pötgens	179
I	History of the Netherlands Income Tax System	179
2	Constitutional Issues	
	2.1 In General	180
	2.2 Impact of Human Rights Conventions and EU Treaty	101
2	Fundamental-Freedom Provisions	181
3	Income Tax Rates	181
4	Composition of the Fiscal System	183
5	Basic Structure of the Income Tax	183
	5.1 Individuals	183
,	5.2 Corporations	184
6	Tax Legislation 6.1 Tax Legislative Process	185
		185
	6.2 Statutory Style	186
7	6.3 Statutory Interpretation	186
7 8	Courts Dealing with Tax Matters Tax Administration	187
o		188
	or central	188
	- The state of the	189
	residue of dovernment information to Taxpayers	189
	8.4 Advance Rulings 8.5 Assessment Administrative Appeal and Appeal Acceptance	190
9	and Appeal to Courts	191
9	General Principles  9.1 Relationship Setween Tax and Vinancial Access (2)	192
		192
	i and tak haw for the Civil (Private) Law Form of	
	Contracts	192
	9.3 Anti-avoidance Doctrines and Rules	193

	Table of Contents

10	Tax Treaties	194
11	Sources of Tax Law	195
Swed	en	
	Melz & Jérôme Monsenego	197
1	History	197
2	Constitutional Issues	198
3	Tax Rates	199
4	Composition of the Fiscal System	200
1	4.1 Types of Taxes	200
5	Basic Structure of the Tax System	201
J	5.1 Individuals	201
	5.1.1 Earned Income	201
	5.1.2 Income from Capital	202
	5.2 Corporations	203
6	Tax Legislation	205
O	6.1 Legislative Process	205
	6.2 Statutory Style	205
	6.3 Statutory Interpretation	206
7	Courts Dealing with Tax Matters	207
8	Tax Administration	207
9	General Principles	209
,	9.1 Relation of Tax and Financial Accounting	209
	0	209
	<ul><li>9.2 Respect for Legal Form</li><li>9.3 Anti-avoidance Doctrines and Rules</li></ul>	210
10	Tax Treaties	210
11	Sources of Tax Law	211
11	Sources of Tax Law	211
	United Kingdom	
Glen .	Loutzenhiser	213
1	History: Income Tax	213
	1.1 Corporation Tax	215
2	Constitutional Issues	216
3	Rate Structure and Reliefs: 2018-2019	219
4	Composition of the Fiscal System	220
5	Basic Structure of the Income Tax	221
	5.1 Individuals	221
	5.1.1 Capital Gains Tax	222
	5.2 Corporations	224
6	Tax Legislation	224
	6.1 Statutory Style	225
	6.2 Statutory Interpretation	226
7	Courts Dealing with Tax Matters	227
	7.1 Structure of the Courts	227
	7.2 Judicial Review	228
	7.2 Judicial Review	

7	rai	ы	_	Ω.	f	$\sim$	Λ	n	te	m	ts
	1 71	D) I	٠,	()		L,	v	и	ıc		ιə

	7.3 Judicial Style	228
	7.4 Legislative History	229
	7.5 Precedent	229
8	Tax Administration	229
9	General Principles	231
7	9.1 Relationship Between Tax and Financial Accounting	231
	9.2 Respect for Legal Form	233
	9.3 Anti-avoidance Doctrines and Rules	234
10	Tax Treaties	238
11	Sources of Tax Law	239
11	11.1 Legislation and Materials and Cases	239
	11.2 Official Practice and Rulings	239
	11.3 Secondary Sources	240
The I	United States	
Jame	es R. Repetti & Diane M. Ring	243
1	History of Federal Income Tax	243
2	Constitutional Issues	245
3	Tax Rates	247
4	Composition of the Fiscal System	248
5	Basic Structure of the Income Tax	249
	5.1 Individuals	249
	5.2 Corporations	254
6	Tax Legislation	255
	6.1 Legislative Process	255
	6.2 Statutory Style	256
	6.3 Statutory Interpretation	257
7	Judicial Structure and Style	259
8	Tax Administration	260
	8.1 Administrative Style	260
	8.2 Taxpayer Style	261
9	General Principles	262
	9.1 Relationship Between Tax and Financial Accounting	262
	9.2 Respect for Legal Form	263
	9.3 Anti-avoidance	263
10	Tax Treaties	264
11	Sources of Tax Law	265
PAR		
Basi	ic Income Taxation	269
	PART A	
G10	bal Versus Schedular Design of Income Tax	27

SUBPA	DT R				
		the Tay Rasa	273		
		ons in the Tax Base Income from Employment			
1	1.1	General	275 275		
	1.1	The Distinction Between Employees and Independent	213		
	1,4	Contractors	276		
	1.3		286		
2		The Taxation of Fringe Benefits	296		
3	Gifts	uted Income from Owner-Occupied Housing	298		
J	3.1		299		
	3.2	Gifts Outside a Business Setting ("Personal" Gifts) Gifts in a Business or Employment Context	301		
1		es and Awards	303		
4			305		
5		plarships and Grants	308		
6		cellation of Indebtedness	311		
7		abling	312		
8		al Income	313		
9		dfalls	314		
10		sidies	316		
11		sions	330		
12		ization and Recognition of Gain	337		
13	Capi	ital Gains and Losses	337		
SUBPA					
	ctions		349		
1	Mix	ed Business and Personal Expenses	350		
	1.1	Commuting	353		
	1.2	Moving Expenses	356		
	1.3	Clothing	359		
	1.4	Business Travel	360		
	1.5	Business Entertainment	363		
	1.6	Childcare	365		
2		"Hobby Losses" and the Criteria for Determining Business Versus			
	Pers	Personal Activities			
3	Cap	ital Costs and Recovery Methods	373		
	3.1	Determining Capital Costs	373		
	3.2	Capital Cost Recovery Systems	375		
4	Eđu	cational Costs	382 384		
5	Ded	Deduction of Personal Costs			
	5.1	Interest	384		
	5.2	Personal Losses	388		
	5.3	Medical Expenses	390		
	5.4	Charitable Donations	392		
6	Lim	itations on Deductions and Losses	394		
	6.1	Illegal Payments, Fines, and Penalties	394		
	6.2	Expenses Associated with Tax-Exempt Income	397		

Ta	ble	of	Cont	ents

	6.3	"Quarantining" and Other Limits or Restrictions on Certain Categories of Expenses	399
Subpar			407
Accou		A CANADA da	408
1		Accounting Methods	414
2		ion of Advance Payments ne Treatment of Deferred Payments	416
3	Origin	nal Issue Discount Obligations and Other Complex Financial	
4	-	ments	418
Subpai	RT E		
Attrib	ution of	Income	427
1	Defin	ition of Taxable Unit	427
2	Alimo	ony and Child Support	433
3	Limit	ations on Assignment of Income	437
Part I		usiness Organizations	443
Subpa	RT A		
		areholder Taxation	445
1		view of Corporate Tax Systems	445
2		ing Entities Subject to Tax	454
3		s in Corporate Formation	457
4		s Involving Capital Structure	463
5		tion of Corporate Distributions	468
	5.1	Basic Structure of Distribution Rules	468
	5.2	Relating Distributions to Corporate Earnings	472
	5.3	Constructive Dividends	473
	5.4	Intercorporate Dividends and Capital Gains	476
	5.5	Distributions of Appreciated or Depreciated Property	480
	5.6	Distributions Involving Changes in Corporate Capital Structure	482
		5.6.1 General	482
		5.6.2 Stock Dividends	484
6	Lian	5.6.3 Redemptions idations	487
7			490
	7.1	orate Reorganizations and Restructuring General	494
	7.2	Merger Transactions	494
	7.3	Share Exchanges	496
	7.4	Nonmerger Asset Reorganizations	502
	7.5	Corporate Divisions: "Demorgare"	505
8	Tran	isier and Limitations on Transfer of Company T	508
9	Con	solidated Corporate Taxation	513
			518

	Table of Cor	tents
10	Special Tax Regimes for Closely Held Corporations	524
11	Integration of Corporate and Shareholder Taxes	528
	11.1 General	528
	11.2 Treatment of Capital Gains on Shares	532
Subpart	В	
Partner	ship Taxation	541
l	Qualification for Pass-Through Taxation	542
2	Basic Structure of Pass-Through Taxation	545
3	Liabilities, Tax Cost, and Losses	549
1	Transactions Between Partners and Partnership	551
5	Disposition of a Partnership Interest	553
6	Liquidation of a Partnership	555
PART IV		
nternat	tional Taxation	559
SUBPART	· A	
	nce Taxation	563
l	Bases for the Assertion of Personal Taxing Jurisdiction	563
	1.1 Individuals	563
	1.2 Corporations	567
2	Change of Status	570
	2.1 Change of Status of Individuals	570
	2.2 Change of Status of Corporations	575
	2.3 Dual Residence	579
	2.4 Temporary Residents	581
}	Mechanisms for Relief of Double Taxation	582
	3.1 Issues in the Structure of a Foreign Tax Credit System	590
	3.1.1 Creditable Taxes	590
	3.1.2 Limitations on the Credit	592
	3.1.3 Allocation of Expenses to Foreign Source Income	596
	3.1.4 Treatment of Losses in the Credit Computation	599
	3.1.5 Carryover of Excess Credits or Limitations	601
	3.1.6 Indirect Credit for Foreign Taxes Paid by Foreign	
	Subsidiaries	603
	3.1.6.1 Share-Ownership Requirements	603
	3.1.6.2 Tier Limitations	604
	3.1.6.3 Computation of the Indirect Credit	604
	3.1.7 Interaction Between Indirect Credit and Limitation System	605
	3.2 Issues in the Structure of an Exemption for Foreign Income	606

3.2.3 Allocation of Deductions to Tax-Exempt Income

606 606

611 613

3.2.1 Structure of the Exemption

3.2.2 Classes of Exempt Income

3.2.4 Treatment of Foreign Losses

## Table of Contents

4	Limitations on Exemption or Deferral of Income of Foreign Corporations	615
	4.1 Limitations on Exemption or Deferral for Foreign Source Income Earned by Foreign Corporations with Significant	(1 <b>.</b>
	Domestic Share Ownership	617
	4.2 Controlled Foreign Corporation Rules	618
	4.3 Special Provisions Dealing with Domestic Portfolio Investment	628
-	in Foreign Investment Companies Outbound Transfers to Foreign Branches or Subsidiaries	631
5	Outpound Transfers to Foreign Branches of Substituties	031
Subpart		
	Taxation	639
1	Issues in the Structure of Net-Basis Taxation of Business Income	639
	1.1 Threshold of Activity	639
	1.2 Attribution of Business Income for Net-Basis Taxation	644
	1.3 Determination of Deductions in the Net-Basis Taxation of	- 40
	Business Income	648
	1.4 Taxation of Income from Services Including Employment 1.5 Other Situations Involving Net-Basis Taxation	652
2	1.5 Other Situations Involving Net-Basis Taxation Issues in the Structure of Gross-Basis Taxation	655
3	Branch Profits Tax	657
4	Limitations on Base-Eroding Payments to Non-residents	664
5	Restrictions on Source-Based Taxation of Non-residents Within the	666
	EU	671
		071
SUBPAR		
	onal International Topics	679
1 2	Special International Avoidance Rules	679
3	Selected Intercompany Pricing Issues	684
3	Corporate-Shareholder Taxation in the International Context	693
		693
4	3.2 International Aspects of Capital Gains Selected Treaty Issues	696
•		697
	Domestic Ldw dill Thailes, Treaty Override	698
	<ul> <li>4.2 Approach to Treaty Interpretation</li> <li>4.3 Anti-treaty Shopping Policy</li> </ul>	702
	4.4 Nondiscrimination	705
	4.5 "Model" Tax Treaties	709
	4.6 Tax Sparing by Treaty	711
5	Patent Boxes	713
6	Indirect Transfers	715
7	Measures to Deal with the Digital Economy	718
, .	the Digital Ecollomy	724
Index		731