



COURSE UNIT DESCRIPTION

Course Unit Title	Intellectual property rights and taxation	
Course Unit Code	FL700	
Type of Unit	Core	
Level of Course Unit	Second cycle	
Year of Study	First/second year	
Semester	On demand	
Number of ECTS Credits	4.56 ECTS	
Course Unit Objectives	<p>Transfer pricing refers to cross border transactions undertaken between connected parties (MNE Groups). The price of the transaction set by either party for the buying, selling or otherwise sharing of resources is referred to as the “transfer price”. Transfer pricing rules are in place primarily to deal with any arbitrages created between the allocation of profits and the distribution of risks, assets and functions across connected party transaction which occur in different tax jurisdictions. The focus of this paper is on the international pricing framework provided by the Organization for Economic Development and Cooperation (“OECD”), the application of transfer pricing in the Cyprus context, and an evaluation of difficulties arising in the application and implementation of transfer pricing principles in the IP Rights context as intangible assets.</p> <p>Among the transfer pricing transactions of MNE Groups, intellectual property (IP)-related transfer prices are the most significant and susceptible to manipulation. This is a result of IP’s high value and mobility and the complexity of IP-related issues. IP carries tremendous value because it often produces or has the potential to produce enormous amounts of royalties. Given that IP is an intangible asset, it is easily transferable from one country to another. IP-related financial issues exist in commercial practices, valuation, and accounting as well as in attribution of income for tax purposes. These intricate financial issues are often complex and in a state of flux. Consequently, tax avoidance through transfer pricing manipulation of IP is a growing issue, as it has been noted with concern that MNE Groups have been engaging in base erosion and profit shifting that has resulted in the significant loss of tax revenue.</p>	
Learning Outcomes	On completion of this course students are expected to:	
	CILO 1	To introduce Transfer pricing as an international tax issue that has grown in importance with the rise of global trading by structures of multinational enterprises and the concomitant risks of transfer pricing manipulation to the national tax authorities.
	CILO 2	To elaborate on transfer pricing methods for considering arm’s length implications as well as on the guideline to be used for the transfer pricing in terms of intellectual property transfer in a cross-border situation of multinational companies
	CILO 3	To outline the various strategies employed by MNC’s to avoid tax using hard-to-value intangible assets
	CILO 4	To identify challenges posed by the concepts of legal and economic ownership in relation to the allocation of returns from hard-to-value intangible assets
	CILO 5	To analyze the current international guidance (court cases, OECD and United Nations guidance) relating to the arm’s-length principle with a view to identifying any differences and shortcomings
	CILO 6	To conclude and make recommendations on how the transfer pricing of hard-to-value intangibles can be approached within the

		OECD and the Cyprus context
Name of Lecturer(s)	TBA	
Mode of delivery	Face to Face	
Prerequisites or corequisites	None	
Course Content	International Transfer Pricing Principles	CILO 1,2
	Legislative Basis for Transfer Pricing	CILO 1,2
	Valuation in Transfer Pricing	CILO 3
	Ownership and the Release of Related IP Rights	CILO 1,4
	The Use of Hard-To-Value Intangible Assets in Tax Avoidance Schemes	CILO 3,4
	Challenges arising From the Concept of Legal and Economic Ownership	CILO 3,4
	Current International Guidance Relating to the Arm's Length Principle	CILO 5
	Recommendations on How the Transfer Pricing Principles of Hard-To-Value Intangible Assets can be approached	CILO 6
Recommended or required reading	<p>R. Avi-Yonah, International Tax as International Law, CUP, 2007</p> <p>F. Gurry, F. Abbott and T. Cottier, International Intellectual Property in an Integrated World Economy, 3rd ed., Wolters Kluwer, 2015</p> <p>Miller, A & Oats, L, Principles of International Taxation (Totel Publishing 2009.)</p> <p>Russo, R (Editor), Finnerty, CJ (Author), Merks, P (Author), Petricione M, (Author), Fundamentals of International Tax Planning (IBFD July, 2007)</p> <p>Holmes, K, International Tax Policy and Double Taxation Treatates (IBFD, 2007)</p> <p>European Taxation (Amsterdam: International Bureau of Fiscal Documentation) Abbreviated as "E.T." Intertax (Deventer: Kluwer Law and Taxation Publishers).</p> <p>Lang/Storck/Petruzzi/Risse/ Transfer Pricing and Intangibles(Eds) Schriftenreihe IStR Bd. 113, 2019 (required)</p> <p>Further reading</p> <p>O. Torvik, Chapter 2: Business and Tax Motivations for Intangible Value Chain Structures in Transfer Pricing and Intangibles – US and OECD arm's length distribution of operating profits from IP value chains (IBFD 1 2019), Online Books (accessed 15 April 2019)</p> <p>C. Turley, D.G. Chamberlain & M. Petriccione, A New Dawn for the International Tax System: Evolution from past to future and what role will China play? (IBFD 2017), Online Books (accessed 16 April 2019)</p> <p>Frascati Manual 2015, GUIDELINES FOR COLLECTING AND REPORTING DATA ON RESEARCH AND EXPERIMENTAL DEVELOPMENT</p> <p>Amazon Goldcrest Project and the Relevance of Comparability Analysis under the Arm's Length Principle, R.S. Avi-Yonah and A. Musselli, InTERnATIOnAL TRAnsFER PRICInG JOURnAL May/June 2019</p> <p>Andrea Musselli and Alberto Musselli, Rise of a New Standard: Profit Location in Countries of Important Intangible Functions Managers, International Tax Journal, October 2017.</p> <p>Eleonora Rosati ,Ownership of intellectual property and corporate taxation</p> <p>R Griffith, H Miller, M O'Connell - Journal of Public Economics, 2014 - Elsevier</p>	
Planned learning activities and	Lectures; in-class discussion and debates; in-class exercises; problem sets; teamwork.	

teaching methods	
Assessment methods and criteria	10% Participation 15% In class open book interim exam 75% Final exam
Language of Instruction	English
Work Placement(s)	Not applicable