INTERNATIONAL TAX PLANNING
Spring 2015
Omri Y. Marian

General Information, Class Policies, First Day Assignments

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Class schedule and location: Mondays, 1:00 pm – 3:10 pm, room 355C.
Office hours: Mondays and Wednesdays, 3:10 pm – 4:30 pm, and by appointment.

Course objectives and structure

The course will simulate advising clients on the tax consequences of cross-border transactions. Tax advice in an international-transactional setting requires, among others, intimate familiarity with the tax rules involved, creativity, and negotiation skills. All of these skills will be practiced in this course.

During the semester we will simulate the a deal for the formation of a private equity fund (the “Fund”). The Fund will invest both in the United States and abroad, and will include both foreign and domestic investors. The investors in the Fund will have conflicting tax interests.

Students will be assigned to teams. Each team will act as the tax counsel for the Fund management, or to a specific group of investors in the Fund. The number of teams and the number of students in each team will be determined based on enrollment.

During the first few classes we will discuss some general aspects of the business model of private equity and the taxation of investment funds. We will also discuss general tax considerations applicable cross-border transactions.

Each team of students will be required to draft and present two papers:

1. Issues List – This is a short paper (5 to 10 pages), in which the team must identify to its “client” the main tax issues (both U.S. and Foreign) to be considered when making the decision whether and how to invest in the Fund.

   The Issue Lists will be distributed to the other teams. Each team will then present its issues list to the class in a 30 minute presentation; members of the other teams will be expected to ask clarifying questions. Over the course of the classes following the presentations of the Issues Lists, teams will negotiate a revised fund structure to address each team’s particular tax needs.

2. Client Memo – After the teams reached an agreement as to the structure of the Fund, we will take a two-week break from in-class sessions. During the break each team will
prepare a Client Memo addressed to its client (15 to 30 pages; it is advisable to start drafting the memo well in advance of the break). The Client Memo should be structured as a true memo (in terms of drafting styles and citations to legal authorities), explaining the tax consequences of the proposed Fund structure to the client.

During the final two weeks of the semester, each team will present its memo privately to the client (i.e., me); this client presentation will serve as an oral team exam and will last 30 to 45 minutes.

**Grading**

Grading in the course will be computed as follows:

1. **Team grade** (85% of the total grade):
   a. Issues List – 15%
   b. Issues List presentation – 15%
   c. Client Memo – 30%
   d. Client Memo presentation – 25%

2. **Individual class participation** – 15% at my discretion, based on meaningful class participation.

3. **Peer evaluation** – At the end of the semester you will be asked to rank your peers in order based on their contribution to the team effort. Each of the team members’ “team grades” (and only the team grades) will adjust up (but not down) by an amount equal to extent by which the student’s overall rank exceeds the team mean ranking, multiplied by 5. For example, in a team of 4 the mean ranking is 2.5; the student that is ranked first in the team will be credited with additional 7.5 points (2.5 minus 1; times 5). Similarly, a student that is ranked second will be credited with additional 2.5 points). In any case, a student’s team grade will be capped at 85.

   Coordinated efforts (such as that all group members “magically” receive the same total amount of ranking points), will result in a half-letter downgrade (for the entire course grade, not only the team-grade) to all team members.

**Important class dates (tentative):**

- Classes will meet regularly between 1/5/2015 and 3/23/2015;
- 2/15/2015 – Issues Lists are due.
- 3/9/2015 – 3/23/15 – In class negotiations of fund structure. This will require week-to-week preparation in order to respond to other groups’ proposals, and come up with your own.
• 3/23/2015 – last in-class session. Fund structure must be settled.
• 4/6/2015 – Client Memos are due.

**Texts and other course materials, TWEN access**

There are no required texts. Course materials will be posted on TWEN. Please come by my office to obtain the TWEN password.

It will very instrumental for you to familiarize yourself with **BNA MANAGEMENT PORTFOLIO NO. 735-2ND – PRIVATE EQUITY FUNDS** (available online).

**Class materials; Laptop/Tablet policy**

Laptops and tablets are allowed. Please use responsibly. Please bring to each class any reading materials assigned. You will also need the Code and Treasury Regulations (accessing Code and Treasury Regulations online is a good way to avoid heavy lifting).

**Class preparation**

Attendance is mandatory and will be verified each class. You are allowed two “free” absences, which will not harm your participation grade. Any additional absence not approved by me in advance (or, under extraordinary circumstances, in retrospect) will harm your participation grade by 2 points. I will generally approve additional absences only for job-interviews, confirmed sick days, or non-frivolous personal reasons.

**First Day Assignments**

All reading materials will be posted to TWEN. Please come by my office to obtain the TWEN password for the course. For the first class, please read the following (it is highly recommended you will read these in the order they appear below):


• Northern Hill Partners – Market Opportunities Fund II: Summary of Terms and Conditions (the **Term Sheet**; posted on TWEN).

As you read through the materials try to understand the business objectives of the Fund, as well as the different business interests of the involved parties as expressed on the Term Sheet.