# Business Tax Law

## Prof. Marco Allena; Prof. Paolo Arginelli

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The course aims to provide students with the fundamental principles and a sound knowledge of business tax law, with a focus on the taxation of corporate groups.

In particular, the course aims to explore the topics related to the corporate income tax (module 1), those related to the taxation of corporate groups, extraordinary transactions, and business crisis (module 2), as well as those related to the value added tax, and other customs duties (module 3).

At the end of the course, students will be able to know the foundations of business taxation, understanding its main issues and making use of the most appropriate tools to face the continuous changes introduced in the field of taxation, especially in the relationship between business taxation and economic dynamics, also in the international dimension.

In particular, students will be able to master the fundamental institutions of the subject, both in terms of substantive and procedural law profiles, and contextualise their relative theoretical and systematic principles in the surrounding economic reality and in the contingent recent events.

With regard to this last aspect, at the end of the course, students will be able to carry out a critical analysis of the regulatory and administrative sources (either national or European), and understand their legal and economic-business effects. In particular, at the end of the course, students will be able to know, from a theoretical perspective, and apply in practice:

* the general principles of the Ires (corporate income tax) and the Vat (value added tax);
* the rules concerning the assessment of the business income of companies and bodies having their tax residence in Italy, both in case of business continuity and liquidation or business crisis;
* the principles regulating the (reinforced) derivation of business income from the profit on the balance sheet;
* the internal rules regulating the tax treatment of the main extraordinary transactions (mergers, demergers, the sale or transfer of companies and shareholdings, the exchange of shareholdings);
* the rules regulating the national tax consolidation regime and fiscal transparency;
* the regulation of the cooperative compliance regime;
* the regulation of foreign subsidiaries and the profit generated by countries with a privileged tax regime.
* the internal rules concerning the transfer to Italy or abroad;
* the essential features of business crisis, with a focus on the profiles involved in the tax system, especially the institution of fiscal transaction;
* the rules that identify the most relevant transactions for the application of Vat;
* the main rules regulating the transactions that are exempt or non-taxable in terms of Vat;
* Vat deduction rules;
* the interrelationships between Value Added Tax and customs duties;
* the relationship between Value Added Tax and permanent establishment;
* the criminal profiles of Value added tax;
* the so-called ‘VAT grouping’ rules;
* the Value added tax and the circulation of the works of art.

***COURSE CONTENT***

**Module 1:** the taxation of corporate groups, extraordinary transactions, Liquidation and business crisis – Prof. Marco Allena

**Semester 1**

Abuse of rights and tax avoidance. Extraordinary transactions: conversion; merger; demerger; the sale or transfer of companies; the transfer and the exchange of shareholdings. M&A transactions and the tax system. The Transfer pricing. Taxation in multinational banking groups. The cooperative compliance regime. The fiscal profiles of business liquidation and the involvement in insolvency proceedings. The institution of fiscal transaction.

Module 2: the corporate income tax - Prof. Paolo Arginelli

**Semester 1**

The fundamental principles for the determination of business income. Business income and the corporate income tax (Ires). The reinforced derivation of business income from the profit on the balance sheet. The impact of the International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) on the determination of business income. The single positive components. General and special rules concerning the deductibility of negative components. Specific topics under analysis: the relationship between corporate taxation and the taxation of shareholders, the *participation exemption*; the rules concerning the deductibility of passive interests. The transfer in Italy or abroad of the company headquarters.

**Module 3:** the value added tax – Prof. Marco Allena

**Semester 2**

Consumption taxes and taxpaying capacity. The Vat in the context of the European Union. The Directive 2006/112/EC and the rules for their transposition in Italy. The conditions for the application of Vat The actors subject to Vat: businesses, arts, or professions. The objective condition: the supplies of goods and services. The geographical condition for the supplies of goods and services. *Business to consumer* and *business to business* transactionsImports, Intra-Community transactions. Exempt and non-taxable transactions. The mechanism for its application. Non-resident subjects. The permanent establishment of the Vat in the European Union and the national law. The VAT group. Vat and tax offences: the fight against Community frauds. Vat and customs duties. An outline of the main tax problems of international trade.

***READING LIST[[1]](#footnote-1)***

The reading list will be made available during the course on the lecturers’ webpages (site [www.unicatt.it](http://www.unicatt.it) and blackboard).

Further teaching material will be used, distributed, and made available during classes and on the lecturers’ webpages (*site* [*www.unicatt.it*](http://www.unicatt.it)*)* and on blackboard*.*

***TEACHING METHOD***

The course will be based on frontal lectures, held in class, and practical activities (either written and oral), with a focus on both the dynamics at the basis of the relationship between taxation and economic/business reality and the experiences of other countries.

With regard to specific topics, students will be given the possibility to join – on an optional basis – group works that will be exposed orally.

After the first lectures, students will be informed on the dates in which some external guests – from either the academic or the business world – and / or professionals will be invited in class to introduce – together with the course professors – specific practical legal-economic topics that are relevant to the course content from a theoretical and systematic perspective.

During the Course, if possible, students will be encouraged to participate, on a voluntary basis, to the learning initiatives promoted by the Faculty and its professors, which represent a key opportunity to test themselves in the economic - legal reality.

***ASSESSMENT METHOD AND CRITERIA***

Each module will be followed by a written or an oral exam, and characterised by the assessment of written research papers, to be carried out in group or individually, assigned during their respective modules.

In particular, during the exam, students will have to demonstrate their understanding of the general principles of business taxation, and the essential features of the topics analysed in each module.

Furthermore, students will have to prove that they are able to orient themselves among the topics and the basic issues explained during the lectures, both from the point of view of institutional profiles and the topics introduced during the meetings with subject-matter experts.

During classes, the lecturers will provide further information on the specific references of the reading list (that will be made available in the Course Syllabus) for which students will have to integrate the explanation given in class with the study of the teaching material distributed or in use.

The final mark will result from the arithmetic average between the marks obtained in each of the three modules.

The assessment criteria will take into account the individual/group research papers developed during the Course, as well as the relevance and accuracy of the answers and the analysis, the appropriate use of technical terminology, the structure and coherence of the arguments developed, the reference to the documents (judgments, administrative practice, and jurisprudence) mentioned during the lectures and made available with the teaching material (on blackboard).

In case of written exam, the following instructions are to be considered as valid:

MODULE 1: the exam will be composed of three open-ended questions and two practical case studies; please note that students will be assessed respectively on their two best answers and on their best case study

MODULE 2:

the exam will be composed of three open-ended questions (only two of which – the best ones – will be evaluated) and a practical case study based on the determination of business income.

MODULE 3: the exam is composed of three open-ended questions and two practical case studies; please note that students will be assessed respectively on their two best answers and on their best case study.

***NOTES AND PREREQUISITES***

Class attendance is strongly recommended.

Considering the advanced nature of the Course and the single modules, students should have a good knowledge of the general principles of tax law.

In the light of the strong interrelationships with the other branches of the legal system, students are invited to study for the Business tax law exam after the Commercial law and the Public law exam.

Non-attending students will have to contact the lecturers in order to define the reading list for the general course and other supplementary readings.

All students are invited to consult on a regular basis the Blackboard page of the course and the lecturers’ webpages on the university website.

Information on office hours available on the teacher's personal page at http://docenti.unicatt.it/.

1. The textbooks indicated in the reading list can be purchased at UCSC libraries or from any other reseller. [↑](#footnote-ref-1)