Course Information:

Course Number: Law 519  
Course Name: Introduction to U.S. Transfer Pricing  
Professor Name: Peter Rock  
Number of Units: 1  
Semester/Year: Spring 2019

Professor Contact:

Office Number: N/A  
Phone: 415.547.3776  
Email: prock@usfca.edu  
Office Hours: Thursdays, 7:00 pm – 8:00 pm via video conference. Please email me to schedule an appointment, or to arrange another mutually agreeable date and time

Course Schedule:

Meeting Day(s): Online, weekly.
**Course Description**
The course description as submitted to the Registrar, is located here:  
https://myusf.usfca.edu/law/registration/course-descriptions

This course will provide a practical understanding of U.S. transfer pricing rules. It will cover the fundamentals of transfer pricing, including intercompany pricing methods for tangible goods, intangible property, and services. In addition, penalties, advance pricing agreements, and competent authority relief will be covered.

Students are expected to timely: complete required reading, attend all lectures, answer and turn in two question after each of the first six lectures. There will be a take-home final examination that may be checked out online.

**Hours of Work per Class**
This class consists of 7 weekly lectures, each approximately 1-3/4 hours long. In addition, students should expect to spend about 3-1/2 hours per week on assigned reading and answering problems.

**Course Materials**
Required: Internal Revenue Code, U.S. Treasury Regulations, and Revenue Procedures (available online)  
Optional: Practical Guide: U.S. Transfer Pricing, 3rd Edition (“PG US TP”) by Robert T. Cole, available via LexisNexis. Note: students should generally selectively use this treatise if they want to supplement their knowledge or refine their understanding the materials covered in class. For purposes of this class, students should skip sections referring to prior U.S. Treasury Regulations, OECD Guidelines, and other non-current or non-U.S. specific transfer pricing authority.

**Course Learning Outcomes**

1. General understanding of federal income tax aspects of transfer pricing under IRC section 482 for:  
   a. tangible property,  
   b. intangible property, and  
   c. intercompany services.

2. Identify potential penalties arising from transfer pricing adjustments and how to mitigate them.

3. Recognize strategies and planning opportunities to alleviate or prevent transfer pricing adjustments through use of an Advance Pricing Agreement

4. Understand how the Mutual Agreement Provision of tax treaties may eliminate double taxation arising from transfer pricing adjustments.
**Grading**

82% of the grade will be based on an anonymous take-home examination. 12% is based on weekly assignments made at the end of classes 1 – 6 (each assignment worth 2%) and each assignment must be completed by 11:59 PM on the Sunday immediately following the class. 1% of the grade can be earned by reading course policies and reviewing and acknowledging the USF Honor Code. 5% of the grade can be earned by introducing yourself on the discussion board.

*If you have questions regarding the grading options, please contact the Registrar’s Office at lawregistrar@usfca.edu or 415.422.6778.*

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**Class meeting schedule***:

<table>
<thead>
<tr>
<th>Class</th>
<th>Learning Outcomes</th>
<th>Class Topic/Activities</th>
<th>Readings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Identify when taxpayers are governed by IRC § 482; Understand the arm’s length standard; Understand and apply the law to identify the best method; Identify limitations and exceptions to taxpayer’s affirmative use of IRC § 482; Understand and learn to apply comparability factors; Understand and compute of acceptable ranges</td>
<td>Taxpayer’s governed by IRC § 482; Arm’s Length Standard; Best Method Rule; Affirmative use of IRC § 482; Comparability; &amp; Ranges</td>
<td>IRC § 482 &amp; Treas. Reg. § 1.482-1; Optional: PG US TP §§1.01; 1.04; 2.03 –.12; 2.14; 2.16 &amp; .17; &amp; 3.02 &amp;.03.</td>
</tr>
<tr>
<td>2</td>
<td>Understand and apply transactional transfer pricing methods associated with transfers of tangible property</td>
<td>Transfers of Tangible Property</td>
<td>Treas. Reg. § 1.482-3; Optional: PG US TP Ch. 5-7.</td>
</tr>
<tr>
<td>3</td>
<td>Understanding and apply of the comparable profits method using various profit level indicators</td>
<td>Comparable Profits Method</td>
<td>Treas. Reg. § 1.482-5; Optional: PG US TP Ch. 9.</td>
</tr>
<tr>
<td>4</td>
<td>Understand the definition of intercompany services and learn transfer pricing methods for intercompany services</td>
<td>Intercompany Services</td>
<td>Treas. Reg. § 1.482-9; Optional: PG US TP Ch. 14</td>
</tr>
<tr>
<td>5</td>
<td>Understanding of the definition of intangible property and transfer pricing methods for the transfer of intangible property to controlled parties. Understanding and learn to apply of the Profit Split Method</td>
<td>Transfers of Intangible Property &amp; Profit Split Method</td>
<td>Treas. Reg. § 1.482-4 &amp; -6; Optional: PG US TP Ch. 8 &amp; 10</td>
</tr>
<tr>
<td>6</td>
<td>Understanding and application of transfer pricing rules associated with cost sharing arrangements</td>
<td>Cost Sharing Arrangements</td>
<td>Treas. Reg. § 1.482-7; Optional: PG US TP Ch. 13</td>
</tr>
<tr>
<td>7</td>
<td>Understanding of: potential penalties; secondary adjustments resulting from a transfer pricing adjustments; IRC §1059 limitation; Competent Authority relief; and Advance Pricing Agreements.</td>
<td>Penalties; Secondary Adjustments; IRC §1059A Limitation; Competent Authority Relief; and Advance Pricing Agreements.</td>
<td>IRC §§ 6662(a), (e) &amp; (h); 6038A &amp; C; 982; 1059A; Treas. Reg. § 1.6662-6(c)&amp;(d); Rev. Proc. 2015-40 &amp; Rev. Proc. 2015-41</td>
</tr>
</tbody>
</table>

*The course topics and reading assignments may be changed a bit throughout the semester.*
**Attendance Policy:**
The School of Law requires students to attend classes regularly, complete assignments in a timely manner, and be prepared for and participate in class. The law school attendance policy follows the ABA standard that students must attend at least 80% of the scheduled class sessions for any given course in order to receive credit. If a student has exceeded the allowable class absences, she/he may be administratively withdrawn and/or receive a failing grade for the course. For full detail, please see the *Academic Policies for the JD & Graduate Tax Programs*: [https://myusf.usfca.edu/law/student-services](https://myusf.usfca.edu/law/student-services)

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**Americans with Disabilities Act Accommodations:**
USF affords all students with disabilities equal access under the law. If you are in need of accommodation under the Americans with Disabilities Act (ADA) or similar enactment, you must contact the University Student Disability Services Office at 415.422.2613 or sds@usfca.edu to obtain the appropriate accommodation.

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**Academic Dishonesty**
The law school defines academic dishonesty as engaging in any dishonest conduct in connection with any examination, written work, or other academic activity. The University of San Francisco takes academic dishonesty very seriously. You are responsible for knowing and adhering to the explicit details of our policy as listed here in the *School of Law Honor Code*: [https://myusf.usfca.edu/law/student-services](https://myusf.usfca.edu/law/student-services)