

**ACCT 526 Global Accounting Experience**

**Spring 2018**

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| **Instructor (Lead):** | Shiingwu Wang | **Instructor:** | TJ Wang |
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| **COURSE DESCRIPTION** |

This course covers topics on taxation of cross-border transactions. Although the main focus will be on U.S. taxation on foreign operations of U.S. companies and citizens, U.S. taxation of U.S. operations of foreign companies and nationals will also be discussed. It includes, for example, choice of entity for foreign operations, foreign tax credit, source of income, allocation of income and expenses, etc. The purpose of the course is to provide an overview of the relevant tax issues related to foreign operations by U.S. entities and U.S. operations by foreign entities.

The materials used in this course include the tax law (the Internal Revenue Code), authoritative government regulations, and government background studies on taxation. In addition, we will discuss several case studies that put the tax rules into specific business contexts. Finally, there will be some exposure to current research on international taxation using studies issued by U.S. government agencies such as U.S. Treasury Department, General Accounting Office, etc.

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| **COURSE OBJECTIVES** |

Cross-border transactions resulting from globalization and the free flow of investment capital are growing at a record pace. A common characteristic for cross-border transactions is the high level of complexity due to disparities in legal environments, tax jurisdictions, economic and political systems, cultural settings, etc. This gives rise to increasing challenges to the accounting profession. To effectively manage these business transactions, it is essential for accounting professionals to have comprehensive knowledge of the settings that give rise to cross-border transactions. The purpose of this course is to help students develop a better understanding of the foundation of cross-border transactions in the global economy, and to be able to draw conclusions and recommend actions based on a more global and less “US-centric” model of analysis. We will develop an analytical framework while studying the following topics:

* Global economy and the current development of national economies
* International financial markets
* Multinational corporations (MNCs) and their role in the global economy
* MNCs and cross-border transactions
* The effect of cross-border transactions on the accounting profession
* Current auditing, taxation, consulting, and financial services issues in cross-border transactions

# Learning Objectives: Students who successfully complete this course, including the pre-trip readings and coursework, the field trip to an international destination (China, Spring 2013), and the class project will be able to accomplish these learning objectives:

* Identify and discuss significant differences between the United States’ and China’s legal environment, tax approach, economic and political systems.
* Compare cross-border transactions (outbound and inbound) and the accounting implications that result on both sides of the transaction.
* Review specific business and accounting cases and draw conclusions about the primary accounting issues to be addressed.
* Apply skills for managing people and issues when disparities of culture affect interpersonal interactions.

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| **COURSE MATERIALS** |

Due to the nature of the course, there is no specific textbook required. All required readings will be either distributed in class or on Blackboard.

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| **GRADING** |

The grade for this course is determined as follows:

Group project report 25%

Group project presentation 15%

Exam 30%

Trip project 15%

Participation (class and trip) 15%

100%

**NOTES ON GRADING POLICY**

1. You are representing USC during the China trip. As an ambassador of USC, you are expected to show great respect and responsibility. If you are late, miss any scheduled events without prior approval by your professors or advisors, or exhibit inappropriate behavior during the trip, you will automatically fail the course.
2. NO MAKE UP EXAMS WILL BE GIVEN.
3. All assignments, exams, and class participation will be evaluated on effectiveness of your communication. This includes grammar, spelling, organization, format and the other essentials of strong and effective communication.
4. Class attendance is very important in developing a coherent view of the materials covered in the course. This is particularly true as there is no single text which ties all of the materials together. In-class lectures will include material not covered in the readings that is critical to the development of a good group project and successful participation on the trip. As a result, if you miss **more than one** class session, you will automatically fail the courseand you will not be allowed to participate in the trip portion of the course.
5. We adhere to the USC Leventhal School of Accounting and Marshall School of Business grading standards for graduate programs. In general, final course grades at the graduate level in a core course average approximately B+ (3.3), but may vary based on class performance. For elective courses, the class average is usually higher--approximating 3.5, which is between a B+ and an A-. You must receive a C or better to pass a required class, and you must have an overall B average (3.0 minimum) in order to graduate from USC.

**NOTES ON GRADING POLICY**

1. NO MAKE UP EXAMS WILL BE GIVEN.

1. All assignments, exams, and class participation will be evaluated on effectiveness of your communication. This includes grammar, spelling, organization, format and the other essentials of strong and effective communication.

1. All assignments are due on the dates indicated on the course syllabus. Given the complexity of the cases, you are required to work as a group of four (no exception). A group report is due on the date indicated. Late assignment will receive a grade of ZERO.

QUIZZES AND EXAMS

All quizzes and exams are in class. All tests are open book and notes. Quizzes will be announced in advance.

CLASS PROJECTS

Students are required to complete a group research project under the supervision of the faculty. A presentation of the group project (10 - 15 minutes) will be made in the week following the foreign field trip. A final report comprises slides of the presentation is due at the end of the session.

For each group completing the research project, a trip project will be also be assigned. Such a project is related to the trip portion of the course. The trip project depending on its nature may be due at different time with its details to be discussed in a separate handout.

CLASS PARTICIPATION

It is very important attend and be prepared for every pre-trip class session and every on-site visit. It is also very important that you actively participate at every pre-trip class session and every on-site visit. In this regard, you should come to class prepared to discuss the assigned readings and cases before each class session. During the trip, you should prepare several questions to ask in advance of every on-site visit to be ready to participate in the meetings with the managers of the companies we will visit. **Participation will be assessed using the following criteria:**

1. The overall quality and quantity of participation during class sessions, during meetings with faculty, and during on-site visits.
2. Quality of questions prepared in advance of on-site sessions (as evidenced by quality of questions and comments during sessions).
3. The quality of contributions made during pre-trip class discussion of cases, readings, and other course material.
4. Attendance sign-up sheets will be passed around class during each pre-trip session. Make sure that you record your presence with your signature to avoid losing participation points. During the field trip, the faculty and staff assigned to your site will keep track of attendance and participation at on-site activities.
5. During the international field trip, it is very important to be prompt every day for scheduled departure times. In consideration of the managers who will be hosting us, it is also very important that you remain awake and alert during all sessions. The faculty assigned to your field trip will lower your participation points for lack of promptness or not staying awake and alert during all sessions.

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| **STATEMENT OF ACADEMIC CONDUCT AND SUPPORT SYSTEMS** |

USC seeks to maintain an optimal learning environment. Students are expected to submit original work. They have an obligation both to protect their own work from misuse and to avoid using another’s work as their own. All students are expected to understand and abide by the principles of academic honesty outlined in the University Student Conduct Code (see University Governance, Section 11.00) of SCampus ([www.usc.edu/scampus](http://www.usc.edu/scampus) or <http://scampus.usc.edu)>. The recommended sanctions for academic integrity violations can be found in Appendix A of the Student Conduct Code.

**Students with Disabilities:**

USC is committed to making reasonable accommodations to assist individuals with disabilities in reaching their academic potential. If you have a disability which may impact your performance, attendance, or grades in this course and require accommodations, you must first register with the Office of Disability Services and Programs ([www.usc.edu/disability](http://www.usc.edu/disability)). DSP provides certification for students with disabilities and helps arrange the relevant accommodations.  Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me (or to your TA) as early in the semester as possible. DSP is located in GFS (Grace Ford Salvatori Hall) 120 and is open 8:30 a.m.–5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776. Email: ability@usc.edu.

**Support Systems:**

*Student Counseling Services (SCS) - (213) 740-7711 – 24/7 on call*

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention. <https://engemannshc.usc.edu/counseling/>

*National Suicide Prevention Lifeline - 1-800-273-8255*

Provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week. <http://www.suicidepreventionlifeline.org>

*Relationship & Sexual Violence Prevention Services (RSVP) - (213) 740-4900 - 24/7 on call*

Free and confidential therapy services, workshops, and training for situations related to gender-based harm. <https://engemannshc.usc.edu/rsvp/>

*Sexual Assault Resource Center*

For more information about how to get help or help a survivor, rights, reporting options, and additional resources, visit the website: <http://sarc.usc.edu/>

*Office of Equity and Diversity (OED)/Title IX compliance – (213) 740-5086*

Works with faculty, staff, visitors, applicants, and students around issues of protected class. https://equity.usc.edu/

*Bias Assessment Response and Support*

Incidents of bias, hate crimes and microaggressions need to be reported allowing for appropriate investigation and response. https://studentaffairs.usc.edu/bias-assessment-response-support/

*Student Support & Advocacy – (213) 821-4710*

Assists students and families in resolving complex issues adversely affecting their success as a student EX: personal, financial, and academic. https://studentaffairs.usc.edu/ssa/

*Diversity at USC – https://diversity.usc.edu/*

Tabs for Events, Programs and Training, Task Force (including representatives for each school), Chronology, Participate, Resources for Students

**KEY DATES**

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| January 8 | First day of Classes |
| January 15 | USC Holiday—Martin Luther King, Jr. |
| January 26 | Last Day to Drop without “W” Day |
| January 26 | Last Day to Purchase Tuition Insurance |
| February 12 | USC Holiday—Presidents’ Day |
| March 12-16 | SPRING BREAK |
| April 5 | DROP DAY—Last day to drop a class with mark of “W” |
| April 27 | Last day of Classes |
| May 2-9 | Finals Week (See syllabus for exact date/time for this course. |
| May 11 | COMMENCEMENT |

# COURSE DESCRIPTION

This is a 1.5-unit graduate course consisting of three parts: coursework, a foreign field trip to China, and a trip project and a group project.

1. Coursework

Coursework includes readings, classroom discussion, and prominent guest speakers delivered in 9 sessions (one and one-half hours each) and a 3-hour project presentation in the week following the trip. Topics and readings for each session are detailed as follows.

Jan 12 **Introduction; Coursework; Trip**

1. Discussion of course layout
2. Introduction to Countries as Platforms for Doing Business
3. Brief on the research projects and expectations
4. Language session
5. Business etiquette

Jan 19 **Global economy; Multinational corporations**

Global economy; Multinational corporations; accounting and tax issues for multinational corporations

**Readings**

Special report – *Business in Asia*: How to keep roaring; Megatrends: Q & Asia; Governance: Avoiding the dinosaur trap; China Mobile: Get up and dance; Hutchison Whampoa: Now for the fat-cow years; Globalisation: The fear factor; Convergence: One world, *Economist*, May 29, 2014

Special report – *The Pacific Age*: History: Galleons and gunships; Economic integration: The flying factory; Free-trade pacts: America’s big bet; Maritime power: Your rules or mine?; North American energy: Oil and water; Latin America: Pacific pumas; Chile and China: ¡Salud!; The future of the region: Merchants or missionaries? *Economist*, November 15, 2014

**Country specific session**

Overview of China: culture, history, business environment, economy, trade, competitiveness, political system, education system, social structure, etc.

Jan 26 **Country specific session: Challenges for China**

Current social and economic issues of the Chinese society; economic issues: expanding wealth gap, inflation, real estate bubble; social issues: aging population, food safety, environmental issues, etc.

***Exam 1 on special reports: Business in Asia; The Pacific Age***

**Readings**

PowerPoint handouts

Feb 2 **Accounting profession in China; regulatory agencies; comparison with the U.S.**

Introduction accounting regulatory agencies in China and U.S.; a comparison of accounting system between two countries; interaction and conflict between the two; localization of accounting firms in China; international financial reporting standards (IFRS); global trend in convergence to IFRS

**Readings**

Special report – *A special report on China*: Building the dream; A billion shoppers; Ending apartheid; Emerging from the shadows; People, not paving; Dreaming spire; Let us breathe; The urban voice; Pushing the boundaries, *Economist*, April 19, 2014

Special report – *Business in China*: Back to business; Definitions: How red is your capitalism?; Private firms: Paper tiger, roaring dragon; Entrepreneurship and technology: It’s all go; Innovation: Fast and furious; Consumers: The wild, wild east; Manufacturing: Still made in China; Foreign investment: The new Silk Road; Reform: The good, the bad and the ugly, *Economist*, September 12, 2015

Feb 9 **Guest speaker**

**Readings**

Special report – *China society*: The new class war; East, west, home’s best; A nation of individuals; Keeping up with the Wangs; Crowd control; Daring to think, daring to act; The long march abroad; The writing on the wall, Economist, July 9, 2016

***Exam 2 on special reports: A Special Report on China; Business in China***

Feb 16 **Guest speaker**

**Stanley Rosen,** Professor of Political Science

**“Using Feature Films to Study Chinese Politics, Ideology, Economics, Society and Cultural Change in China”**

Feb 23 **Taxation in the global environment**

Introduction of tax jurisdictions; Chinese tax system; taxation of cross-border transactions; double taxation issues; tax treaties tax issues for multinational corporations and expatriates

**Readings**

PowerPoint handouts

*U.S. Tax Aspects of Doing Business Abroad*, Michael Moore, Edmund Outslay, and Gary McGill. *American Institute of Certified Public Accountants* (AICPA), 6-th Edition, pp. 1-62.

Wang, Shiingwu, *U.S. taxation of U.S. entities on foreign transactions*

Wang, Shiingwu, *U.S. taxation of Foreign Entities on U.S. Transactions*

Special report – *Finance in China*: Finance in China: Big but brittle; Banks: Breaking bad; Shadow banks: Dark and stormy; Capital markets: Risky returns; Politics: Power to the party; Global impact: Nowhere to hide; The way forward: Pain and prosperity, *Economist*, May 5, 2016

Mar 2 **Exam and trip preparation**

***Exam 3 on special reports: Accounting profession in China; Taxation in the global environment; China Society; Finance in China***

Trip preparation; trip talk

Mar 9 – 18 Trip to Shanghai and Beijing

Mar 23 Trip wrap up; assessment

Mar 30 Group presentation (10 minutes per team)

1. Professional visit to Shanghai/Beijing

The foreign study trip to China (Beijing and Shanghai) is in the Spring Break after the completion of the above coursework. The trip includes visits to:

* + Accounting firms (Big Four and local firms)
  + Chinese companies and multinational corporations
  + Government regulatory agencies such as China Securities Regulatory Commission (equivalent of Securities and Exchange Commission) and Chinese Institute of CPAs
  + Leventhal Master of Accounting and Master of Taxation alumni in China
  + Peking University and its Master of Accounting program students
  + Cultural activities

**2018 ACCT 526 Flight INFO**

**AIR CHINA**

**CA 984  09MAR LOS ANGELES – BEIJING        12:40A   5:30A  (10MAR ARRIVAL)**

**CA 1501 10MAR BEIJING – SHANGHAI HONGQIAO   8:30A  10:40A**

**CA 887  18MAR BEIJING – LOS ANGELES        12:00N   9:00A**

**2018 ACCT 526 HOTEL INFO**

JW MARRIOTT HOTEL SHANGHAI           3 NIGHTS   IN-March 10 OUT-March 13

399 NAN JING WEST ROAD HUANGPU

SHANGHAI CN 200003

FONE 86-21-53594969

HOTEL FAX 86-21-63755988

REGENT BEIJING                                     5 NIGHTS   IN-March 13, OUT-March 18

99 JINBAO STREET

BEIJING CN 100005

WANGFUJING SHOPPING-TIANANMEN

FONE 86-10-85221999

HOTEL FAX 86-10-85221919

**Appendix I. MARSHALL GRADUATE PROGRAMS LEARNING GOALS**

**How ACCT 526 Contributes to Marshall Graduate Program Learning Goals**

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| **Marshall Graduate Program Learning Goals** | **ACCT 526 Objectives that support this goal** | **Assessment Method\*** |
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| ***Learning Goal #1: Develop Personal Strengths.***  **Our graduates will develop a global and entrepreneurial mindset, lead with integrity, purpose and ethical perspective, and draw value from diversity and inclusion.** |  |  |
| 1.1 Possess personal integrity and a commitment to an organization’s purpose and core values. |  |  |
| 1.2 Expand awareness with a global and entrepreneurial mindset, drawing value from diversity and inclusion. | 4 |  |
| 1.3 Exhibit awareness of ethical dimensions and professional standards in decision making. |  |  |
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| ***Learning Goal #2: Gain Knowledge and Skills.***  **Our graduates will develop a deep understanding of the key functions of business enterprises and will be able to identify and take advantage of opportunities in a complex, uncertain and dynamic business environment using critical and analytical thinking skills.** |  |  |
| 2.1 Gain knowledge of the key functions of business enterprises. | 4 | Homework; quizzes & exams |
| 2.2 Acquire advanced skills to understand and analyze significant business opportunities, which can be complex, uncertain and dynamic. | 4 | Course project |
| 2.3 Use critical and analytical thinking to identify viable options that can create short-term and long-term value for organizations and their stakeholders. |  | Homework; quizzes & exams |
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| ***Learning Goal #3: Motivate and Build High Performing Teams.***  **Our graduates will achieve results by fostering collaboration, communication and adaptability on individual, team, and organization levels.** |  |  |
| 3.1 Motivate and work with colleagues, partners, and other stakeholders to achieve organizational purposes. | 4 | Course projects |
| 3.2 Help build and sustain high-performing teams by infusing teams with a variety of perspectives, talents, and skills and aligning individual success with team success and with overall organizational success. | 4 | Course projects |
| 3.3 Foster collaboration, communication and adaptability in helping organizations excel in a changing business landscape. | 4 | Course projects |

**Appendix II. USC LEVENTHAL STUDENT LEARNING OUTCOMES FOR**

**MASTER OF ACCOUNTING**

**AND MASTER OF BUSINESS TAXATION PROGRAMS**

**How ACCT 526 Contributes to Leventhal Graduate Program Learning Goals**

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| **MAcc/MBT Graduate Program Learning Goals** | **ACCT 526 Objectives that support this goal** | **Assessment Method\*** |
| ***Learning Goal #1: Technical, Conceptual, Problem-Solving***  **Students will be competent in and be able to apply discipline-specific knowledge and skills in the fields of accounting or taxation. This learning outcome includes the development of critical thinking and problem-solving skills, as well as an understanding of the strategic role of accounting and taxation in business organizations and society.**   * MBT specific—Apply critical thinking and problem-solving skills related to taxation of individuals, flow-through entities, and corporations. Recognize potential opportunities for tax savings and tax planning. | 4 | Homework; quizzes & exams |
| ***Learning Goal #2: Professional Development***  **Students will be able to communicate clearly and strategically, after considering the relevant audience, situation, and purpose of the communication. Students will demonstrate the ability to work productively with others to accomplish established goals.**   * MBT specific—Convert complex and technical tax terminology into language that translates to non-technical audiences. Demonstrate strong interpersonal communication skills that build relationships with clients over time. Document exchanges with careful attention to word choice, tone, and accuracy. | 4 | Course project |
| ***Learning Goal #3: Research/Life-Long Learning***  **Students will be able to use relevant research databases and academic/professional literature to gain new knowledge and analyze business situations.**   * MBT specific—Use computer-based and paper-based systems to thoroughly research tax codes, tax law, rulings and interpretations. Use knowledge to be able to adjust to changes in tax law over time. | 4 | Course project |
| ***Learning Goal #4: Ethical Principles and Professional Standards***  **Students will be able to apply ethical principles and professional standards in analyzing situations and making informed decisions.**   * MBT specific—Demonstrate understanding of and apply consistently the ethical principles and professional standards related to the profession. Show the ability to express and follow rules of independence and the highest sense of professional ethics. |  |  |
| ***Learning Goal #5: Ethical Principles and Professional Standards***  **Students will be able to demonstrate an international perspective and appreciation for diversity and cultural differences, along with their significance in global business.**   * MBT specific—Explain key differences in taxing policies related to expatriates and the countries they live and work in. Reflect on cultural and ethnic differences in approaches to business and taxation policies. | 4 | Course project |