

Introduction to U.S. International Taxation

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University of Florida Levin College of Law

Syllabus

Spring Semester 2026

Introduction to U.S. International Taxation

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Office Hours: Tuesday 1:00pm-3:00 p.m. or by appointment at other mutually convenient times (contact me by sending an e-mail to <mailto:DavidWarco1@gmail.com> to set up appointment by phone or Zoom meeting, where a link will be sent to you prior to any meeting)

COURSE DESCRIPTION:

This course is an introductory course in the U.S. taxation law addressing international activities and specifically geared for non-lawyers. The course emphasizes the fundamental principles and concepts embedded in international tax provisions of the U.S. Internal Revenue Code and accompanying guidance. The course illustrates these principles and concepts addressing:

- 1) U.S. persons (corporations, partnerships and individuals) that conduct business and/or own property outside the U.S.
- 2) Non-U.S. persons (corporations, partnerships and individuals) that conduct business and/or own property in the U.S.

The main issues covered in the course that taxpayers face in managing their cross-border tax affairs are:

- Determining whether a person is a tax resident in a tax jurisdiction, and the types of taxing systems used by countries comparing the U.S. to other countries
- How double taxation is generally avoided, that in turn, involve the concepts of income source, and the foreign tax credit mechanism
- The interaction of tax treaties with U.S. domestic law – with a focus on determining the jurisdiction with primary taxing rights, which in turn addresses potential double taxation.
- The US “export incentive” to U.S. corporations applicable to the export of goods, services and license of intellectual property
- The U.S. anti-deferral rules (i.e., rules preventing “parking” income outside the U.S.), who they apply to, and how these rules are managed by U.S. persons that have significant activities and investments outside the U.S.
- How non-US persons that invest in and/or operate in the U.S. are taxed, with an emphasis on real estate activities
 - Transfer pricing concepts and how such concepts are embedded in both U.S. tax laws and the tax laws enacted by major trading partners.

All concepts discussed will be illustrated with examples of how the concepts are applied in practice by both US individuals and entities that conduct cross border activities, as well as the impact of the US tax laws on non-US investors that invest in the US.

The course will be presented in eleven 75-minute sessions, the details of which are included below. It is anticipated that you will spend approximately 90 minutes before each class to read the required and suggested materials that will be discussed during class. Problem sets that will be graded will be included in 5 out of the 11 class sessions. They will be introduced in one class for submission prior to the next class.

COURSE OBJECTIVES AND LEARNING OUTCOME:

The objectives of this course are to provide students with the following knowledge and skills:

1. An understanding of the U.S. international tax system, that include both the concepts and rules that apply to non-U.S. persons investing into the U.S. and the rules that apply to U.S. persons' investments overseas.
2. How U.S. companies and individuals structure their tax affairs that result in tax efficient results, including tax efficient financing;
3. How non-US persons structure their investments in the U.S. in an efficient manner.

REQUIRED AND RECOMMENDED TEXTBOOK:

Class readings will be assigned from Herzfeld, International Taxation in a Nutshell, 13th ed. (however see NOTE below). The book is available on Amazon. Additionally, published articles and other widely distributed tax synopsis relevant to the topics being covered will be distributed well in advance of class.

NOTE: The 13th edition is the edition currently available as of December, 2025. It is expected that the 14th edition will be available sometime in January 2026, but there is no guarantee of the release date. If you have not purchased the 13th edition, you should purchase the 14th edition. You should check (see below for the alternative to purchasing the Nutshell) the status of the 14th edition prior to purchasing the 13th edition. In any event, updated Chapters will be provided (when relevant) to anyone that purchases the 13th edition.

Access to an Internal Revenue Code and Treasury Regulations, in whatever format desired, is required and should be accessible to you for each class.

In lieu of purchasing the Nutshell, you can access it in the following manner:

West Academic Study Aids may be accessed at <https://subscription.westacademic.com/>. While physically on campus or connected through the VPN, students can create a free account in order to access this resource off-campus. Creating an account also allows you to add and save notes and highlight text. Use your @ufl.edu email account when creating your account."

All law students with a ufl.edu email address can create and access an account, including the part timers.

WEEKLY COURSE SCHEDULE OF TOPICS AND ASSIGNMENTS, INCLUDING A LIST OF IMPORTANT DEADLINES:

A. Topics:

The topics for class, along with the assigned readings and preparation of solutions to problem sets (for 5 class sessions), are described in the pages that follow. Note that selected topics for a week may carry over to the following week if it is determined that, based on student feedback, additional time is warranted to facilitate a better understanding of a specific topic.

B. Assignments and Problem Sets.

For each class (other than those classes for which Problem Sets are assigned), you will be encouraged to submit a question relevant to the day's reading. The question should be about something that is not clear to you from the reading, and is intended to prompt you to think about what questions the particular code sections we are studying are trying to answer.

For example, if the assigned reading was the application of tax treaties, the question/fact pattern you might submit would be –*Why has the US only entered into tax treaties with some countries, but not others? What are examples of treaty shopping situations? What are examples of when treaties result in different outcomes from applying U.S. domestic tax laws?*

Part of our class time will be spent discussing your questions.

In addition, there are 5 problem sets that we will discuss during the semester. You will be graded on each problem set and should be prepared to discuss your answers in class. If your schedule does not permit the completion of the problem sets prior to the class where the results will be discussed, a special problem set covering the same topic will be provided to you for completion at an agreed upon date.

C. Reading Assignments

The specific reading assignments from the Nutshell are listed in the description of the topics covered for each class noted below. ***All secondary readings (i.e., articles that will be distributed) are optional, but encouraged.***

D. Class Schedule.

All classes will meet online. During the semester, there will be 11 sessions that will meet on Monday evenings from 7:30 pm - 8:45pm – with the exception of the first session that will be on Tuesday January 20, 2026. Also, there will be two optional sessions toward the end of the semester to allow students to prepare for the final exam. The schedule is listed below.

E. Exam.

There is one final exam will be an open book, take-home test, which you will have the option to take at any time during the reading period. The final exam will be distributed after Class 11 and will be due for submission no later than April 27th.

Detailed Class Description

Class 1: Tuesday January 20

Overview of Course and General International Tax Principles – Including Residency

Principles and Concepts Discussed:

- Summary of the types of taxpayers impacted by the US international tax rules (e.g., US individuals, corporations, non-US individuals, non-US corporations, etc.) and common international transactions and legal structures addressed in this course
- Overview of the basic international taxing systems – Territorial system (most countries) vs Worldwide Residence Based System (the US system)
- How international tax laws (both US and non-US) are generally designed to prevent double taxation

- Key Concepts
 - “Outbound” International Tax Issues vs “Inbound” International Tax Issues
 - What triggers the US taxation of non-US persons
 - Impact of Potential Double Taxation and the foreign tax credit concept (general)
 - Flexibility in how non-US entities are treated for US Federal income tax purposes (general overview; details discussed in later session)

How Concepts / Issues are Illustrated

- Examples of the two basic international tax systems
- Mechanical example of foreign tax credit calculation

Assignment / Reading:

1. Nutshell Chapters 1 & 2
2. Nutshell Chapter 14.02

Class 2: Monday, January 26

Concept of Source and how it Relates to both Inbound Tax Issues (Taxation of non-US Persons) and Outbound Tax Issues (Avoiding Double Taxation via Foreign Tax Credit)

Principles and Concepts Discussed:

- The source of income rules and its relationship to how non-US persons are subject to US taxation
- Preview of how source will be relevant to US persons that invest in foreign corporations and suffer foreign taxes (foreshadowing discussion in later session)
- Preview of how non-US persons can claim tax treaty benefits to reduce the level of taxation (compared to those who cannot claim treaty benefits).
- The source rules for two basic “classifications” of income - “Fixed Determinable Annual and Periodic” (FDAP) vs. “Business Income” – (e.g., Income Effectively Connected with a US Trade or Business, sales of inventory, sales through the “cloud”)

How Concepts/Issues are Illustrated:

- Analysis of payments that are treated as US Source vs Foreign Source FDAP – including capital gains
- Scenarios where income is treated as effectively connected with a trade or business that is either US source or foreign source

Problem Set #1 Introduced - to be reviewed in Class 3

Assignment / Reading:

1. Nutshell Chapter 3
2. Article (to be distributed)

Class 3 – Monday, February 2

- (i) *Review of Class 2 Problem Set*
- (ii) *Taxation of Non-U.S. Persons: FDAP, ECI, and U.S. Real Property Interests*

Principles and Concepts Discussed:

- Distinguishing FDAP vs. Income Effectively Connected with a US Trade or Business
- Withholding obligations and compliance mechanisms
- Taxation under FIRPTA (§897) for foreign investors in U.S. real estate
- Key exception for taxation of interest paid to non-US investors – the portfolio interest exemption

How Concepts / Issues are Illustrated:

- Foreign investor earning U.S. interest income and/or royalties (FDAP, 30% withholding)
- Foreign corporation operating a U.S. branch operation (ECI determination)
- Efficient financing for non-US persons investing in US real estate
- Non-U.S. individual investing in a U.S. REIT
- New rules permitting additional flexibility to ensure REITs are US controlled.

Problem Set #2 Introduced – to be Discussed in Class 4

Assignment/Reading:

- Prepare solutions to Problem Set #1
- Nutshell, Chapter 4
- FIRPTA overview (IRS Pub. 515)

Class 4 – Monday, February 9

- (i) *Review of Problem Set #2*
- (ii) *Continuation & Recap of Class 3 Topic and Application of Tax Treaties and Impact to both US and Non-US Taxpayers*

Principles and Concepts Discussed:

- How Tax Treaties between the US and a foreign country apply to alter the general tax rules by permitting a taxpayer to claim benefits (i.e., reduced taxes, or ability to conduct limited business without triggering tax liabilities)
- How tax treaties assist in avoiding double taxation where the US tax rules fail to achieve such result
- Structure and objectives of tax treaties (OECD and US Models)
- What Non-US Persons claim treaty benefits
- Concept of “Treaty Shopping” – scenarios where treaty benefits cannot be claimed
- Key exception for taxation of interest paid to non-US investors – the portfolio interest exemption

- Key provisions: residency, permanent establishment (PE), withholding rate reductions, tie-breaker rules
- Treaty override and limitation on benefits (LOB) clauses

How Concepts/ Issues are Illustrated:

- How a Canadian Taxpayer can claim benefits under the US-Canada Income Tax Treaty under various scenarios
- Example of income being “re-sourced” to permit a foreign tax credit offset
- Non-US Person selling into the US; but able to use a tax treaty to prevent US taxation
- Treaty Shopping Examples

Assignment/Reading:

- Prepare solutions to Problem Set #2
- Nutshell, Chapter 5
- U.S. Model Treaty (selected articles)

Class 5 – Monday February 16

The Foreign Derived Eligible Income Benefit (FDDEI)

Principles and Concepts Discussed:

- Who can and cannot claim the FDDI (IRC §250) benefit
- Types of transactions that qualify for the benefit
- The “round tripping rule” where benefits are disallowed
- Impact on potential tax benefit in the year that a US company generates tax losses

How Issues/Concepts are Illustrated:

- Detailed examples of the §250 tax deduction for FDDEI
- Non-US Person selling into the US; but able to use a tax treaty to prevent US taxation

Assignment/Reading:

Nutshell Chapter 7.04

Articles to be distributed

Class 6 – Monday February 23

U.S. Anti-Deferral Regimes: Subpart F, Net CFC Tested Income (NCTI), and Passive Foreign Investment Companies (PFIC) - (Part 1)

Principles and Concepts Discussed:

- The rationale for anti-deferral rules: preventing indefinite deferral of offshore income
- When earnings generated by a controlled foreign corporation can be deferred (§245A)
- Determining whether a foreign corporation owned by a US person (individual, trust, estate, corporation or partnership) is a controlled foreign corporation. Stock attribution rules (i.e., when shares of a company are treated as being owned because of ownership by related persons)
- Subpart F income categories (§§951–964)
- NCTI - §951A
- Passive Foreign Investment Companies (PFICs, §§1291–1298) and the CFC-PFIC overlap rule
- Preview of the integration with the foreign tax credit regime (discussed in next class)

How Concepts / Issues are Illustrated

- Foreign corporation legal structures that trigger CFC status vs those that do not
- Income generating transactions that trigger Subpart F (versus NCTI)
- U.S. individual investor in an offshore mutual fund (PFIC consequences)
- When the high-tax exception can be applied (both Subpart F and NCTI)

Problem Set #3 Introduced – to be Discussed in Class 7

Assignment/Reading:

- Nutshell Chapters 8 and 9
- IRS Forms 8992 and 8621

Class 7 – Monday March 9

(i) *Review of Problem Set #3*

(ii) *US Anti-Deferral Rules (Part 2) – Including the Foreign Tax Credit and the Interaction with Anti-Deferral Rules*

Principles and Concepts Discussed:

- Overview of FTC under §§901–909
- Limitation mechanics (§904 baskets, post-TCJA categories)
- Carrybacks and carryforwards
- How FTCs offset US tax on NCTI and Subpart F inclusions (US corporations only)
- Key exception – the high tax exceptions (both Sub F and NCTI)
- Special election for US individuals that own CFCs – the section 962 election

How Concepts / Issues are Illustrated:

- U.S. company earning foreign branch vs. CFC income
- NCTI calculations under different fact patterns (lower taxed vs higher taxed CFCs)
- Impact of foreign withholding taxes

Problem Set #4 Introduced – to be Discussed in Class 8

Assignment/Reading:

- Prepare solution to Problem Set #3
- Nutshell Chapter 10
- Treas. Reg. §1.904-1 and -4

Class 8 – Monday March 16

- (i) *Review of Problem Set #4*
- (ii) *Repatriation of Profits and Foreign Exchange Issues*

Principles and Concepts Discussed:

- How Profits of foreign companies are taxed when repatriated under different scenarios
- Concept of Previously Taxed Earnings and Profits (PTEP)
- The “functional currency concept” and impact of transactions conducted in currencies other than the US dollar
- Foreign exchange gain/loss triggered when US corporations have foreign branches (versus operating through foreign subsidiaries)

How Concepts / Issues are Illustrated:

- Mini case study of companies with multiple CFCs and branches repatriating profits and the U.S. Federal income tax results of such activity
- Examples of transactions that trigger foreign exchange

Assignment/Reading:

- Nutshell Chapter 12
- Nutshell Chapter 9.04

Class 9 – Monday March 23

Transfer Pricing Fundamentals

Principles and Concepts Discussed

- Arm’s-length standard under §482

- Functional and comparability analysis
- Common methods: CUP, CPM, TNMM
- Documentation and penalties

How Concepts and Issues are Illustrated:

- U.S. parent licensing IP to a foreign affiliate
- Intercompany service arrangements and cost-sharing-
- How transfer pricing applies in common supply chain structures
- §482 adjustments and secondary adjustments

Policy Discussion:

- Policy rationale: prevention of profit shifting and tax base erosion

Assignment/Reading:

- Nutshell Chapter 10
- OECD Guidelines (selected excerpts)

Class 10 – Monday March 30

Inbound and Outbound Structuring and Planning

Principles and Concepts Discussed:

- Common inbound structures (blockers, REITs, treaty holding companies)
- Common outbound structures (CFC chains, hybrid entities, IP migration)
- Repatriation planning: dividends, §245A DRD, branch vs. subsidiary

How Concepts and Issues are Illustrated:

- U.S. parent acquiring a foreign target vs. foreign acquirer buying a U.S. target
- Example of tax efficient financing of the above

Problem Set #5 Introduced – to be Discussed in Class 11

Assignment/Reading:

- Nutshell Chapters 13 and 14
- Article to be Distributed

Class 11 – Monday April 6

- (i) *Review of Problem Set #5*
- (ii) *Introduction to Pillar Two*
- (iii) *Recap of Key Concepts Discussed in Previous Sessions and Final Exam Review*

Key Issues:

- Application of concepts to integrated examples
- OECD Pillar Two (Global Minimum Tax) and U.S. policy direction
- Interaction of global reforms with U.S. rules

Illustrations:

- Full “life cycle” case study: U.S. investor in foreign business (formation → operation → repatriation → sale)
- Comparative case for inbound investment
- Students apply FTC, NCTI, and treaty analysis to a single structure
- Policy wrap-up: balancing neutrality, simplicity, and competitiveness

Assignment/Reading:

- Prepare Solution to Problem Set #5
- OECD Pillar Two summary (OECD website excerpts)

Optional Classes – Monday April 13 and Monday April 20

There will be two optional sessions that will review topics to be included in the final exam that will be distributed after Class 11. The specific topics discussed will be based on a combination of those areas that were determined to be the most challenging, which in turn will be based on input from the students and from an evaluation of responses to the five problem sets.

There will be assigned readings for these optional sessions, that will consist of either or both re-reading a chapter from the Nutshell as well as other articles or other publications that will be distributed in advance of these optional sessions.

CLASS DEMEANOR EXPECTATIONS:

You are encouraged to attend as many classes live as possible and to:

- keep your camera on for the on-line class when possible
- ask questions (all welcome) by either raising your hand (using the Zoom icon) or through the Zoom chat.
- participate when called upon when problem sets are being reviewed.

EVALUATION METHODS & GRADING POLICY:

The grade for the class will be based on the following:

15% - Participation (including submission of questions prior to or subsequent to class)

25% - Submission of Problem Sets

60% - Final Exam

Grade Scale & Grading Policies:

<u>Grade</u>	<u>Points</u>
A	4.0
A-	3.67
B+	3.33
B	3.00
B-	2.67
C+	2.33
C	2.00
C-	1.67
D+	1.33
D	1.00
D-	0.67
E	0.00

The law school grading policy is available at <https://www.law.ufl.edu/uf-law-student-handbook-and-academic-policies>. Note that the mandatory mean does not apply to MSL or LLM students.

EXAM DELAYS AND ACCOMMODATIONS:

The law school policy on exam delays and accommodations can be found [here](#).

STATEMENT RELATED TO ACCOMODATIONS FOR STUDENTS WITH DISABILITIES:

Students requesting accommodations for disabilities must first register with the Disability Resource Center (<https://disability.ufl.edu/>). Once registered, students will receive an accommodation letter, which must be presented to the Assistant Dean Brian Mitchell. Students with disabilities should follow this procedure as early as possible in the semester. It is important for students to share their accommodation letter with their instructor and discuss their access needs as early as possible in the semester. Students may access information about various resources on the UF Law Student Resources Canvas page, available [here](#).

STUDENT COURSE EVALUATIONS:

Students are expected to provide professional and respectful feedback on the quality of instruction in this course by completing course evaluations online via GatorEvals. Click [here](#) for guidance on how to give feedback in a professional and respectful manner. Students will be notified when the evaluation period opens and may complete evaluations through the email they receive from GatorEvals, in their Canvas course menu under GatorEvals, or via <https://ufl.bluer.com/ufl/>. Summaries of course evaluation results are available to students [here](#).

COMPLIANCE WITH UF HONOR CODE:

Academic honesty and integrity are fundamental values of the University community. Students should be sure that they understand the UF Law Honor Code located [here](#). The UF Law Honor Code also prohibits use of artificial intelligence, including, but not limited to, ChatGPT and Harvey, to assist in completing quizzes, exams, papers, or other assessments.

UF students are also bound by The Honor Pledge which states, “We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honor and integrity by abiding by the Honor Code. On all work submitted for credit by students at the University of Florida, the following pledge is either required or implied: ‘On my honor, I have neither given nor received unauthorized aid in doing this assignment.’” The Conduct Code specifies a number of behaviors that are in violation of this code and the possible sanctions. [Click here to read the University Conduct Code](#). If you have any questions or concerns, please consult with the instructor in this class.

RECORDINGS:

Students are allowed to record video or audio of class lectures. However, the purposes for which these recordings may be used are strictly controlled. The only allowable purposes are (1) for personal educational use, (2) in connection with a complaint to the university, or (3) as evidence in, or in preparation for, a criminal or civil proceeding. All other purposes are prohibited. Specifically, students may not publish recorded lectures without the written consent of the instructor.

A “class lecture” is an educational presentation intended to inform or teach enrolled students about a particular subject, including any instructor-led discussions that form part of the presentation, and delivered by any instructor hired or appointed by the University, or by a guest instructor, as part of a University of Florida course. A class lecture does not include lab sessions, student presentations, clinical presentations such as patient history, academic exercises involving solely student participation, assessments (quizzes, tests, exams), field trips, private conversations

between students in the class or between a student and the faculty or guest lecturer during a class session.

Publication without permission of the instructor is prohibited. To “publish” means to share, transmit, circulate, distribute, or provide access to a recording, regardless of format or medium, to another person (or persons), including but not limited to another student within the same class section. Additionally, a recording, or transcript of a recording, is considered published if it is posted on or uploaded to, in whole or in part, any media platform, including but not limited to social media, book, magazine, newspaper, leaflet, or third-party note/tutoring services. A student who publishes a recording without written consent may be subject to a civil cause of action instituted by a person injured by the publication and/or discipline under UF Regulation 4.040 Student.

RESOURCES:

Wellness:

U Matter, We Care: If you or someone you know is in distress, please contact umatter@ufl.edu, 352-392-1575, or visit [U Matter, We Care website](#) to refer or report a concern and a team member will reach out to the student in distress.

Counseling and Wellness Center: [Visit the Counseling and Wellness Center website](#) or call 352-392-1575 for information on crisis services as well as non-crisis services.

Student Health Care Center: Call 352-392-1161 for 24/7 information to help you find the care you need, or [visit the Student Health Care Center website](#).

GatorWell Health Promotion Services: For prevention services focused on optimal wellbeing, including Wellness Coaching for Academic Success, visit the [GatorWell website](#) or call 352-273-4450.

Academic & Tech Support Resources:

E-learning technical support: Contact the [UF Computing Help Desk](#) at 352-392-4357 or via e-mail at helpdesk@ufl.edu.

On-Line Students Complaints: [View the Distance Learning Student Complaint Process](#).