

2018 | 2019

ANNUAL WATERLOO CENTRE FOR TAXATION IN A GLOBAL ECONOMY REPORT

UNIVERSITY OF
WATERLOO



SCHOOL OF ACCOUNTING
AND FINANCE

OVERVIEW OF THE CENTRE

The Waterloo Centre for Taxation in a Global Economy was officially launched in 2014 with eight supporters: CPA Canada, Canadian Tax Foundation, Deloitte, EY, International Fiscal Association Canadian Branch, KPMG, PricewaterhouseCoopers, and Rogers Communication. Six of our founding members continue to support the Centre.

The Centre's research mandate is to enhance tax thought. The Centre supports researchers as they explore critical tax issues and inform tax professionals, including those engaged directly in tax policy. The Centre also aggregates and disseminates academic research, and links Canadian tax researchers with global counterparts through academic partnerships. To achieve these goals, the Centre hosts annual tax policy symposia, facilitates biennial multinational tax research symposia, and develops a variety of channels to disseminate academic research.

The Centre's education mandate is to develop the knowledge and skills needed by young tax professionals entering the marketplace, implement the best practices to help students learn, and build a national reputation for tax pedagogy. To achieve these goals, the Centre identifies the knowledge and skills needed by new tax professionals, supports the development of course content, and inspires and supports students who are interested in a tax career. The Centre hosts an annual tax educator conference whose objective is to bring together tax educators to discuss current tax education issues and trends.





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KEN KLASSEN, Director

DIRECTOR'S REPORT

The Waterloo Centre for Taxation in a Global Economy completed its fifth year in 2019. Through the Centre, Waterloo faculty have advanced knowledge in taxation, enhanced educational programming, and participated in tax policy debate. We thank our sponsors for their ongoing support as we continue to engage in these activities.

This year has continued a significant transition for the tax group as a locus of tax research in Canada. During the year, Andrew Bauer, an outstanding young scholar, finished his first year on faculty. His contributions to our group are already being felt. We were also fortunate to attract another top-quality scholar to join our research group. Kaishu Wu joined us from the University of Oregon, where he completed his PhD studies.

A key mandate of the Centre is to support, develop and disseminate research on a variety of leading-edge issues in taxation. Our reputation for research within the academic community continues to be elevated through the publication of new articles, as described in this report. In addition to our annual tax policy research symposium, we also co-organized the third biennial academic tax research symposium with the University of Texas at Austin. This two-day conference, in Austin, saw academic participants from across North America and Europe come to discuss cutting-edge research. These activities support the research mandate of the Centre.

The educational mandate of the Centre was also advanced through the dedicated efforts of Centre members. For example, the new tax curriculum at Waterloo, begun in 2016 has come to full fruition in 2018 and we have begun the early stages of another revision to the tax curriculum as the entire undergraduate program is being modernized. This process of revitalization has been the most significant changes to the teaching of tax at Waterloo in the last 20 years. The Young Tax Professionals student group continues to be very successful. Together these improvements and ongoing activities incorporate even stronger opportunities for students to learn and engage with tax topics using new, more active, learning pedagogies.

As we begin the next year, the Centre is looking forward to hosting the Tax Policy Research Symposium in Toronto. We also look forward to developing more Canadian tax-policy relevant research, a process begun the past January with a consultation meeting. The support of the Centre's sponsors in lending expertise continues to be critical to our success.



KEN KLASSEN, DIRECTOR

MISSION AND STRATEGY

Over the next ten years, the School of Accounting and Finance (SAF) at the University of Waterloo will leverage our people and the University's strengths and align our combined resources and energy towards our mission of *transforming the professions* through:

1. world-class research, and
2. experiential education

As a School composed of students, faculty and staff, we will transform the accounting and finance professions in two ways. First, our faculty will conduct world-class research and disseminate the findings to the business community, policy makers and standard setters. Second, our graduates will transform the professions through the impact that they will have in their careers based on the capabilities they develop through experiential education here at Waterloo.





Over the next five years, the SAF will:

WORLD-CLASS RESEARCH

- › Strengthen Waterloo's reputation for outstanding scholarship in the global academic community by enhancing scholarship excellence in both accounting and finance.
- › Strengthen our reputation as thought leaders in the business community by conducting research that has an impact on business, the professions and policy making.
- › Develop resources to support applied research.

Over the next five years, the SAF will:

EXPERIENTIAL EDUCATION

- › Differentiate Waterloo's financial leaders as versatile, adaptive and confident professionals.
- › Develop financial leaders fluent in the languages of business, analytics, and technology.

RESEARCH



TAX RESEARCH PUBLISHED:

“Tax uncertainty and incremental tax avoidance,” David Guenther (University of Oregon), Ryan Wilson (University of Oregon), and Kaishu Wu (University of Waterloo), *The Accounting Review*, March 2019.

We investigate whether tax avoidance becomes more uncertain as the rate of tax avoidance increases. We estimate a system of equations to demonstrate that, as firms’ pretax income increases, each additional dollar of potential tax results on average in 32.8 cents of tax avoided, which we refer to as incremental tax avoidance. Of the incremental tax avoided, 1.4 cents represent additions to the reserve for

uncertain tax benefits (UTB reserve), or 4.3 per cent of the total incremental tax avoided. We then partition sample firms into groups that prior research suggests engage in higher rates of tax avoidance and examine the amount of incremental tax avoidance that results in additions to the UTB reserve. Results demonstrate that the percentage of incremental tax avoidance reflecting additions to UTB reserve is not larger for groups engaging in higher rates of tax avoidance, suggesting higher rates of tax avoidance may not be more uncertain.

“Taxing Tips in an Electronic Payments World,” Alan Macnaughton (University of Waterloo) and Luke Tilbe Reed (PwC), *Canadian Tax Journal*, forthcoming in 2020.

Tips to restaurant wait staff are taxable in Canada but compliance is generally understood to be low. To increase compliance, we propose that the federal and Quebec governments institute withholding and third-party reporting on all tips paid electronically (i.e., through debit cards, credit cards and digital wallets). Although this leaves a reporting gap for tips left in cash – and has apparently been discarded as a policy option in the past partly for this reason – we note that cash payments in Canada are now uncommon and are falling in absolute value by 2-5 per cent per year. Imputing cash tips to wait staff by a legislated formula is an option, but we reject it because of adverse effects on fairness.

“Tax Avoidance at Public Corporations Driven by Shareholder Taxes: Evidence from Changes in Dividend Tax Policy.” Dan Amiram (Tel Aviv University), Andrew Bauer (University of Waterloo), and Mary Margaret Frank (University of Virginia), *The Accounting Review*, forthcoming in 2020.

This study considers whether shareholder incentives might encourage firms to engage in less tax avoidance (i.e., minimization of tax liabilities), relying on a setting where some European countries eliminate their integrated tax systems (i.e., eliminate imputation credits to shareholders for corporate taxes paid). Building on a numerical illustration focused

on after-tax cash flows to shareholders, the evidence shows that corporations in these countries pay higher corporate taxes – and avoid less tax – prior to the elimination of integration. The takeaway is that imputation credits create an incentive to pay corporate income taxes, as these credits can increase the after-tax cash flows to shareholders, and create a disincentive to spend money on tax planning, which reduces cash flows otherwise available for distribution to shareholders.

“Shareholder activism and voluntary disclosure initiation: The case of political spending,” Vishal Baloria (Boston College), Kenneth Klassen and Christine Wiedman (University of Waterloo), *Contemporary Accounting Research*, forthcoming in 2019.

Demand for disclosures on environmental, social and governance (ESG) issues has increased dramatically. Using corporate political spending disclosures, we conduct a detailed inquiry of 541 political spending-related shareholder proposals from 2004 to 2012 to highlight the role of shareholder activism as a mechanism to motivate ESG disclosure. Unlike earlier studies, we examine both proposals that went to a vote and proposals that were withdrawn by the activist. We find that 20 per cent of firms targeted by disclosure proposals begin disclosing in the subsequent year, although implementation rates vary by proposal type – 8 per cent for proposals subject to a vote versus 56 per cent for proposals withdrawn. The sponsor is also important. Our findings highlight shareholder proposals as one mechanism through which investors can successfully express their preferences for corporate disclosure policies.

WORKING PAPERS:

“The relation between book-tax conformity and earnings quality: the role of accruals in taxable income,” Linda Krull (University of Oregon) and Kaishu Wu (University of Waterloo).

Prior studies in general find a negative association between book-tax conformity and earnings quality. Using an international setting, we hypothesize and find that this negative association is conditional on the level of accruals that a country applies to the definition of taxable income. Specifically, conformity is no longer negatively associated with earnings quality when the level of accruals in taxable income is high. We also find that earnings’ informativeness with regard to stock returns decreases in conformity, but only when the level of accruals in taxable income is low. This finding informs policy makers to consider accrual factors when making regulatory decisions concerning book-tax conformity. We also examine the relation between conformity and earnings management but find no evidence that accruals in taxable income facilitate earnings management.

“The interaction of incentive and opportunity in corporate tax avoidance: evidence from financially constrained firms,” Kaishu Wu (University of Waterloo).

I hypothesize and find that the variation in corporate tax avoidance is jointly determined by firms’ incentive and opportunities to avoid taxes. Specifically, results based on a variety of identification strategies demonstrate that the positive relation between financial constraints (my proxy for an incentive to avoid taxes) and tax avoidance is significantly stronger for firms with more tax planning opportunities (TPO), where TPO is the distance between a firm’s actual and predicted ETRs. I then split a firm’s TPO into the components based on permanent and temporary book-tax differences (BTDs), and show that firms with TPO based on either component would exploit the corresponding type of BTDs under financial constraints. Finally, I find little evidence that financial constraints drive low TPO firms to pursue risky tax strategies. In general, the findings in this paper provide evidence consistent with an incentive-opportunity interaction story to help explain differences in corporate tax avoidance.

“The Importance of Aggressive Tax Planning to the Diversion of Corporate Resources: Evidence from Chinese Public Firms,” Andrew Bauer (University of Waterloo), Junxiong Fang (Fudan University), Jeffrey Pittman (Memorial University), Yinqi Zhang (American University), and Yuping Zhao (University of Houston).

This study extends the theory that aggressive tax planning and insider diversion of firm resources go hand-in-hand by showing how the former facilitates the latter. A lack of financial transparency (i.e., opacity) and available cash savings are two important mediators of this relation between aggressive tax planning and resource diversion, with cash savings play a more prominent role (contrary to prior evidence and theory). However, additional tests find that when regulatory scrutiny is higher, opacity plays a greater role in helping to mask the resource diversion that occurs through aggressive tax planning. Collectively, the study supports the link between agency costs or corporate governance and tax planning, and suggests that cash savings and opacity are important channels through which aggressive tax planning can benefit certain firm stakeholders at the expense of others.

“The Effect of International Tax Planning Aggressiveness on Corporate Investment,” Lisa De Simone (Stanford University), Kenneth Klassen (University of Waterloo), and Jeri K. Seidman (University of Virginia).

We investigate whether international tax planning affects investment decisions. We predict firms that engage in aggressive income-shifting will balance tax and operating considerations, choosing affiliate-level investment patterns that are driven less by local investment opportunities. Using affiliate-level data from multinational corporations to develop a firm-specific measure of the sensitivity of reported profits to cross-border tax incentives, our tests find this relation. We empirically test the theory that income-shifting aggressiveness alters equilibrium investment decisions, and thereby document that multinational corporations’ international tax considerations alter their investment decisions and extend the literature on investment distortions.

PRESENTATIONS:

KAISHU WU

"The relation between book-tax conformity and earnings quality: the role of accruals in taxable income," American Accounting Association Annual Meeting, Washington DC, August 2018.

"The interaction of incentive and opportunity in corporate tax avoidance: evidence from financially constrained firms," Hawaii Accounting Research Conference, Hawaii, January 2019.

ANDREW BAUER

"The importance of IRS enforcement to stock price crash risk: The role of CEO characteristics," European Accounting Association (EAA) Annual Congress, Milan, Italy, May 2018.

"Discussion of: Do financing constraints lead to incremental tax planning? Evidence from the Pension Protection Act of 2006," EAA Annual Congress, Milan, Italy, May 2018.

"The Evolution of Accounting Skills: An Introduction to Topic Modeling," UWCISA Text Analytics and Machine Learning Workshop, Toronto, October 2018.

"Update: Data Analytics: A High-Level Introduction for Accounting Practitioners," American Taxation Association Mid-Year Meeting, Washington, D.C., February 2019.

KENNETH KLASSEN

"Crossing the finish line: Taking your research from idea to publication," Key note address, International Accounting Section Doctoral Consortium, Miami, January 2019.

"Managers' use of tax settlements in future uncertain tax benefit accruals," Norwegian Tax Accounting Symposium, Bergen, Norway, November 2018.

"The governance of profit shifting," 4th Berlin-Vallendar Conference on Tax Research, Vallendar, Germany, July 2018.

"The Effect of International Tax Planning Aggressiveness on Corporate Investment," 8th EIASM Conference on Current Research in Taxation, Münster, Germany, July 2018.

AWARDS:

JIM BARNETT

L.S. Rosen Outstanding Educator Award, Canadian Academic Accounting Association, 2019.

OTHER PARTICIPATIONS:

CPA Tax Policy delegation to the Canadian Revenue Agency and the Department of Finance.

TAXATION IN A GLOBAL ECONOMY SYMPOSIUM, CURRENT RESEARCH IN TAXATION. SEPTEMBER 6 AND 7, 2018, AUSTIN, TEXAS

To provide researchers with an opportunity to discuss current research in taxation, the symposium hosted discussions of research papers on a variety of current topics. The selection process favoured papers that have the potential either to open new research avenues to other scholars, or to affect tax policy directions, either within a specific country, or more broadly across countries.

PRESENTERS INCLUDED THE FOLLOWING:

BRADEN WILLIAMS (Texas), "The relevance and pricing of non-income tax relief."

Discussant – John Valentine, Head, Multistate Tax Commission

ANDREW BIRD (Columbia), "The credit channel of fiscal policy transmission."

Discussant Sheridan Titman – Finance Professor, UT-Austin

AHN PERSSON (Michigan State), "Does country-by-country reporting deter tax avoidance and income-shifting?"

Discussant – Peter Merrill, retired Partner, PWC

JOHN GALLEMORE (Chicago), "Intellectual property infringement risk and tax-motivated profit shifting."

Discussant – Melissa Wasserman, Law Professor, UT-Austin

JERI SEIDMAN (Virginia), "The effect of income-shifting aggressiveness on corporate investment."

Discussant Harald Amberger – Accounting Assistant Professor, Vienna University

MATTHIAS PETUTSCHNIG (Vienna), "Touchdowns, sacks and income tax – How the taxman decides who wins the Super Bowl."

Discussant – Zack Moore, Author, NFL Contract and Salary Cap Consultant

TAX POLICY RESEARCH SYMPOSIUM

On May 3 and 4, 2018, the Centre hosted its annual conference for tax researchers in Toronto, Ontario. More than 50 participants were in attendance, most of whom were academics, but Finance Canada policymakers from Ottawa also came. As usual, the symposium was comprised of two parts.

TAX POLICY PANEL DISCUSSION

The topic of the afternoon panel discussion was Tax Policy Aspects of Blockchain and Cryptocurrency. Panelists included Ian Caines (Blake, Cassels and Graydon), Louis Gagon (Queen's University), Alexia Hefti (Deloitte) and John Lennard (Davies).

PRESENTATION OF RESEARCH PAPERS

Five tax research papers were presented in a day-long research symposium, with both academic and practice discussants. Tax research from accounting, law and economics was included in the program. Alan Macnaughton and Art Cockfield coordinated and moderated the sessions.

EDUCATION



TAX EDUCATOR CONFERENCE

Our Tax Educator Conference was held on May 3, 2018. As a morning event, it led into our Tax Policy Research Symposium to provide attendees with the opportunity to participate in a broader tax conference. Thirty seven people from 12 Canadian universities, CPA Canada, Deloitte, Wolters Kluwer, PwC, KPMG, and S+G Partners LLP participated.

Vivian Leung from CPA Canada and James Barnett of the University of Waterloo spoke on the proposed changes to the CPA Canada Competency map. They provided educators with

a summary of major changes to be considered in the educators' future course development work. Frankie Davenport and Josh Rotstein from KPMG presented on "Taxing times for taxing cryptocurrencies". Income and excise tax implications of cryptocurrencies was discussed as a lead in to the afternoon session on cryptocurrency policy issues. Finally, a team of PwC practitioners led a panel discussion about the impacts of technology on current and future tax practice. The pace of change and the prevalence of various technology tools in tax practice were themes that tax educators indicated were the most informative elements of the discussion.

YOUNG TAX PROFESSIONALS

Our Young Tax Professionals program was started in 2014 to offer excellent students who have an interest in a career in taxation the opportunity to closely interact with faculty, alumni and other full-time tax professionals. Students gain a deeper understanding of career options, develop some key skills needed for tax practice, and learn about current issues and specialty areas within the field.

THIS YEAR WE HAD 103 STUDENTS INVOLVED IN THE PROGRAM ENGAGING WITH SPEAKERS SUCH AS:

- > SANDRA BUSSEY - Vice President, High Net Worth Planner, TD Wealth
- > JULIA KLANN - US Tax Partner, KPMG
- > NICOLE MAZEROLLE - PwC
- > STEVE FRON - CRA Tax Rulings
- > SARA YAMOTAHARI - Partner, Ernst & Young
- > HENRY SHEW - Senior Tax Manager, Cadesky

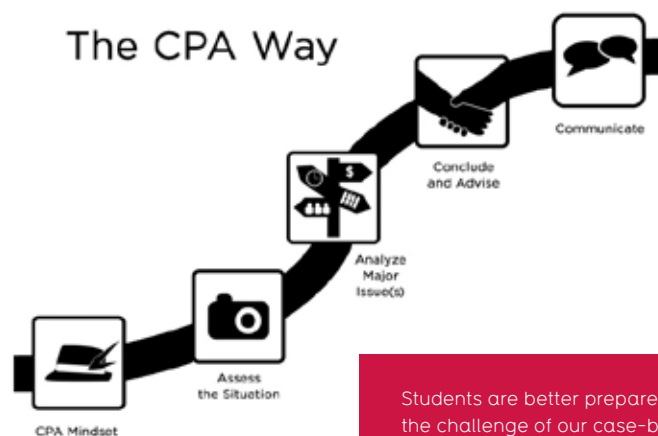
TECHNICAL SESSIONS

During 2018, we ran technical tax sessions designed to provide students with skill development beyond that gained in our undergraduate and graduate tax courses. In 2018, we had two sessions related to U.S. Tax Reform offered by Julia Klann, a U.S. Tax Partner at KPMG, and Dan Rogozynski. These sessions offered insights on tax legislative developments in the U.S. and their impact on Canadian taxpayers and practitioners. Henry Shew, an alumnus of our program provided an overview of a paper he presented at the Ontario Tax Conference in fall 2018 related to private company tax legislation relevant to refundable taxes and the passive income claw-back of the small business deduction. He provided an excellent overview of the policy behind the legislation and its impact on Canadian private companies. This was a valuable update for students who will be graduating from the program in 2019. Jim Barnett provided a session on reading the Income Tax Act, another valuable skills-based session for students interested in a career in tax.

UNDERGRADUATE PROGRAM

There are three undergraduate tax courses students who are working towards a CPA designation must complete within our program: AFM 362, AFM 363 and AFM 462. All three courses were re-designed in recent years to emphasize skill development rather than topic coverage. The first two courses include an element of repetition to reinforce learning. The first course, AFM 362 emphasizes the development of a strong base of fundamental knowledge and skills needed for students to be able to understand and apply knowledge to more advanced fact situations. AFM 363 reinforces fundamentals through the application and integration of knowledge gained in AFM 362 to familiar but less structured fact situations and more complex case-based tax issues. Both courses introduce the use of data analytics and data mining techniques to students in tax situations to further develop their skills in these key practice areas of the future.

AFM 462 further develops enabling competencies and skills through the introduction of the CPA Way approach to case analysis in the course. Students often have difficulty identifying tax issues in non-directed situations and analyzing multi-topic tax focused cases. We use the process from the CPA Professional Education Program adapted to be tax specific in our course to teach students this skill set in preparation for the MAcc or the CPA Canada Professional Education Program.



Students are better prepared for the challenge of our case-based MAcc tax courses having been introduced to this method of case analysis in this fourth year course.



MAcc PROGRAM

We offer four tax courses in our MAcc program. The first one, Tax Issues Integration, is our equivalent of the CPA tax elective in the CPA Professional Education Program. The other three courses, Tax for the CFO, International Tax, and Tax Practice are electives. In the 2019 MAcc class, there was significant interest in these courses with the following number of students enrolled:

2019 MAcc TAX COURSE ENROLMENT

133 STUDENTS
Tax Issues Integration

60 STUDENTS
Tax for the CFO

12 STUDENTS
International Tax

53 STUDENTS
Tax Practice

MTax PROGRAM

Employer demand for MTax graduates remains strong with 81 per cent of our 2018 graduates going to work for a professional firm, 15 per cent in industry and 4 per cent at the CRA. We also continue to experience strong demand for MTax co-op students, having once again achieved 100 percent success in placing all students during the Fall 2018 co-op recruiting cycle – 65 per cent to professional firms, 20 per cent to industry and 15 per cent to the CRA.

In addition to hiring from within the MTax group, we are delighted to have the strong support of the big-four professional firms each of whom continue to lead the teaching of advanced tax courses within the program. The generous sharing of time and support from practitioner faculty is truly appreciated and a big bonus for our students who benefit from the valuable mentoring both academically and during their work terms.

We thank the 12 practitioner-faculty whose valuable contributions continue to contribute significantly to the success of the MTax program.

PRACTITIONER FACULTY:

- > Greg Boehmer and Matt McInnis (EY)
- > Eric Lockwood and Ian Bradley (PWC)
- > Hugh Chasmar, Andrew Oldham, Christy MacDonald and Jasdeep Johal (Deloitte)
- > Justin Park, Steve Barichello and Dan Vance (KPMG)
- > Brian Arnold (Canadian Tax Foundation)

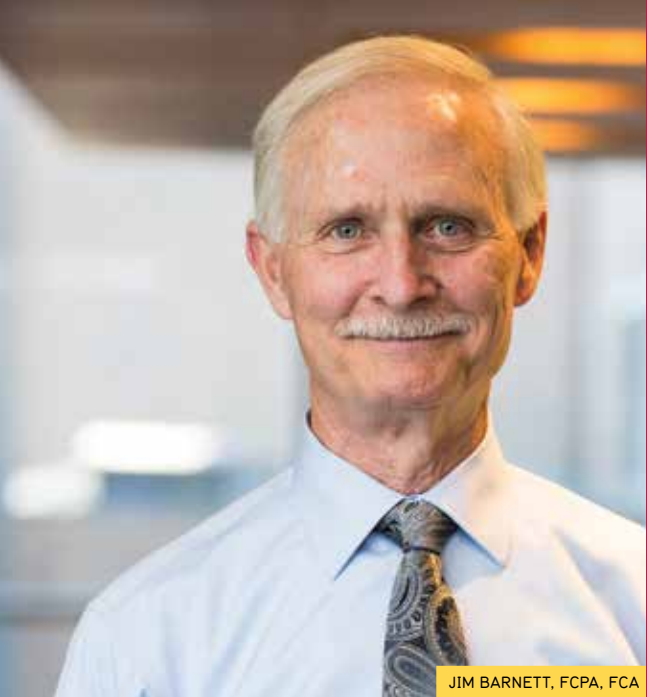
MTax COURSES

- > Accounting for Income Taxes
- > Tax Research and Statutory Interpretation
- > Tax Policy
- > Taxation of Corporations
- > Introduction to Business Structuring
- > Business Structuring
- > International Tax I
- > Tax Planning for the Owner-Manager and Executive
- > Tax Risk Management
- > Estate & Retirement Planning
- > International Tax II
- > Research Paper

PhD PROGRAM

The School's PhD program is the only accounting doctoral program in Canada where students can specialize in taxation. Our graduates are researching and teaching in leading universities in Canada, the US and in Asia.

In August 2019, Andrew Bauer and Adam Presslee (University of Waterloo) ran a successful, inaugural "Stats workshop" for PhD students to encourage and advance their technical research skills. Current and now-graduated tax PhD students were among the participants. At a high-level, the topics included reinforcing the basics of using statistical software and introducing advanced statistical techniques for creating data variables and conducting data analyses.



JIM BARNETT, FCPA, FCA

TAX FACULTY



KEN KLASSEN, PHD, FCPA, FCA



ANDY BAUER, MACC, PhD, CPA, CA



KAISHU WU, PHD



DEB KRAFT, MTAX, TEP, CFP



ALAN MACNAUGHTON, PhD



JULIE ROBSON, CPA, CA, CPA (ILLINOIS)



DAN ROGOZYNSKI, MACC, CPA, CA

SPONSORS

STAKEHOLDERS

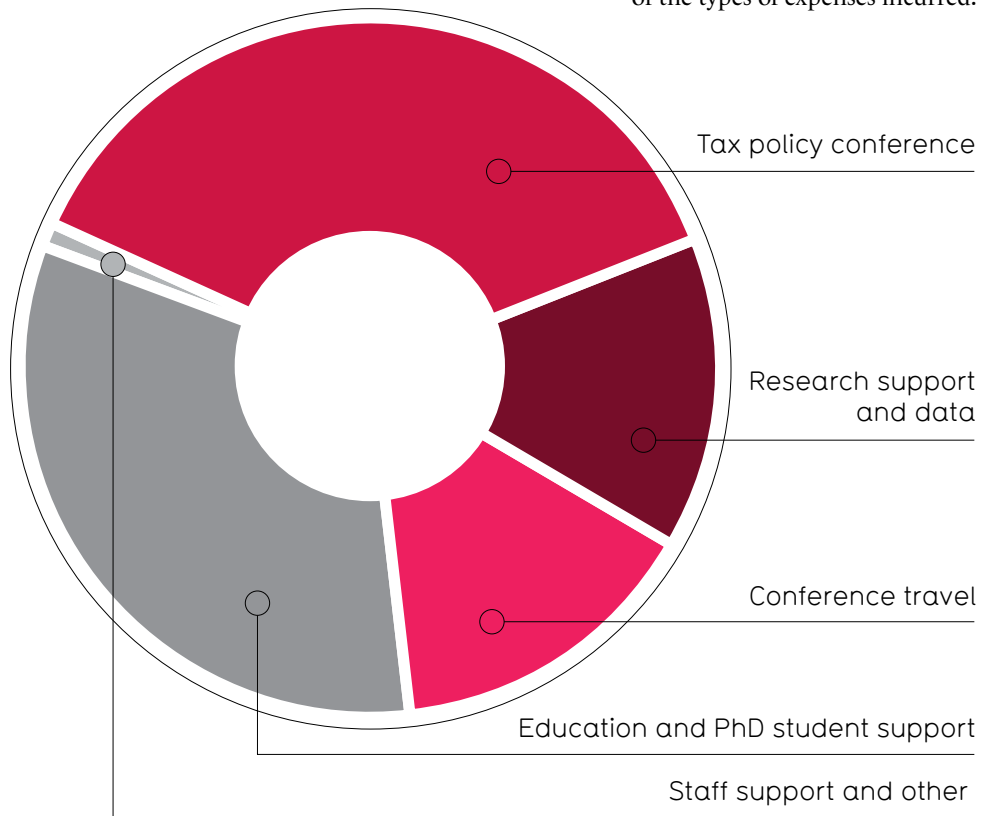


FINANCIAL REPORTING

RESULTS FOR 2018/2019

Our April 30, 2019 fiscal year is the fifth operating year of the Centre.

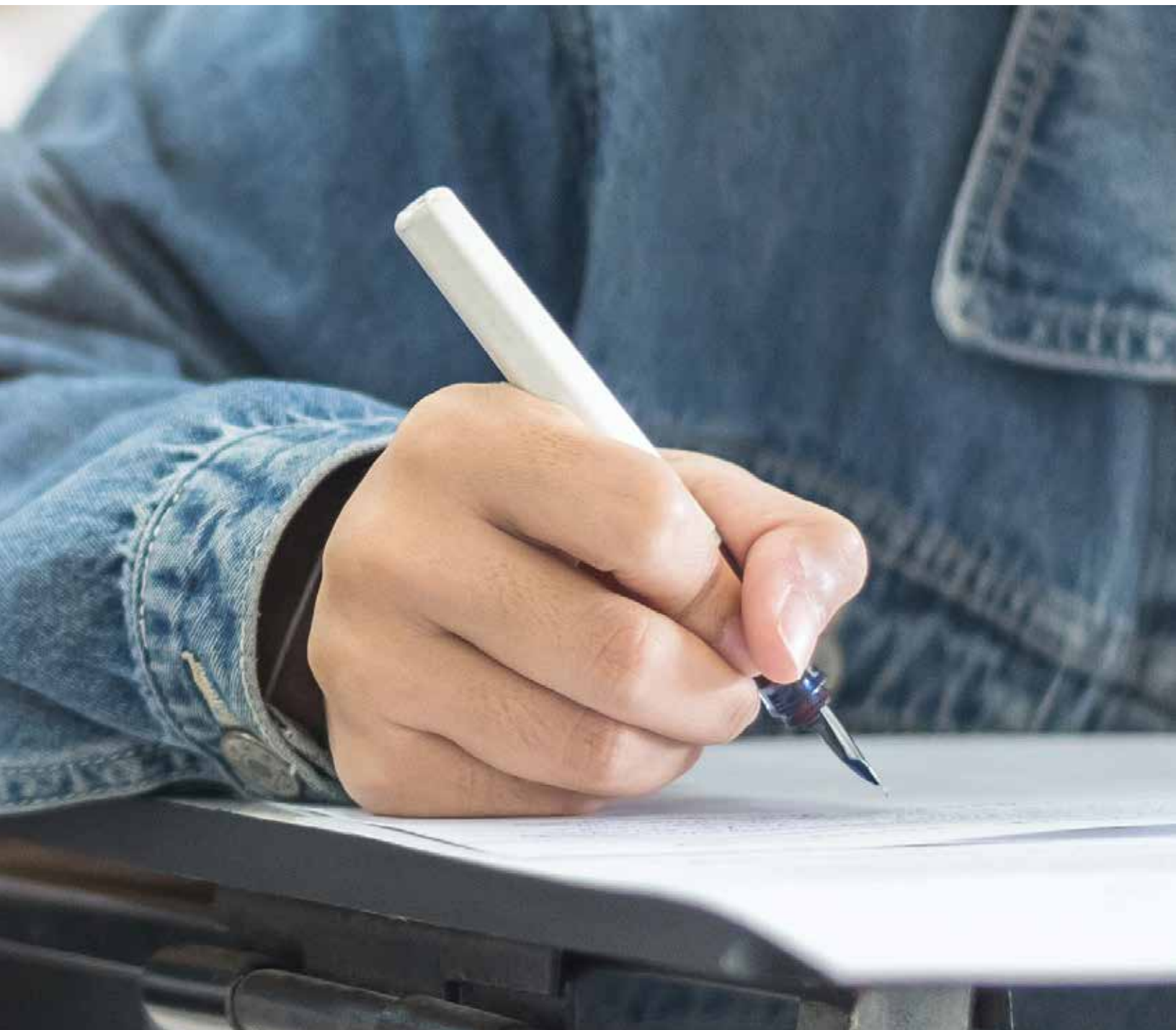
The following graph shows the relationship among the various expense categories and provides an overview of the types of expenses incurred.





TAX COURSES OFFERED

AT THE UNIVERSITY OF WATERLOO



UNDERGRADUATE

Accounting and Financial Management (AFM) Program

YEAR 2 – 2A TERM

SAF students have the option of taking a six-week segment designed to prepare them for a work term in personal tax preparation.

YEAR 3 – 3A TERM: TAXATION 1

Theme: Type of Taxpayer + Type of Income = Tax Treatment

Students will develop their understanding of the various sources of income and the components of taxable income and tax payable for individuals and corporations. The topics are covered at a high level to give them a broad perspective on the tax system and an understanding of the importance of the types of income and taxpayer in the determination of tax payable.

YEAR 3 – 3B TERM: TAXATION 2

Theme: Integration across topics

Students will study the same topics as their first full-term tax course but both in more detail and across topics. For example, when discussing employment and business income, students will address both the tests for determining whether an individual is an employee or a self-employed contractor as well as consider the impact on the taxable income and deductions available to both individuals and corporations receiving this type of income.

YEAR 4 – 4B TERM: TAXATION 3

Theme: Advising Private Corporations and their Shareholders

Students will explore tax planning opportunities available to private corporations and their owner-manager including compensation, business structuring and estate planning.

Students will develop their ability to identify issues as well as their ability to plan out the analysis that needs to be done. Students will also expand their knowledge and skills beyond the technical tax rules to analyzing, evaluating and creating tax planning ideas.

U.S. TAX

This elective course will provide an introduction to the US tax system for both individuals and corporations. Students will explore the concept of US individual taxation of “U.S. persons” and the filing requirements of a U.S. citizen living in Canada. Students will also study the Canada–U.S. Income Tax Convention (Treaty) and when a Canadian corporation will become subject to U.S. tax. Students will develop their technical competencies, such as how to compute U.S. taxable income and how to populate U.S. tax forms.

PERSONAL FINANCIAL PLANNING

Students will learn how to develop and present a Personal Financial Plan, and understand the major issues in financial planning, tax planning, debt, and mortgage management. Students will study personal income tax, and its impacts on financial planning.

GRADUATE

Master of Accounting

TAX ISSUES INTEGRATION

This course is designed to expand the students' ability to integrate by building on the Taxation three course. It is relevant to students interested in developing tax issue identification skills and understanding the interrelationship of tax and related issues in practical settings. The course is a CPA elective course relevant to students preparing for CPA exams.

INTERNATIONAL TAX IN A CANADIAN CONTEXT

This course is designed to provide students with a foundation in the basics of international tax law in Canada. The course is of interest to students interested in a specialization in taxation and relevant to students who will not specialize in tax but want to understand the tax implications of international transactions.

TAX PRACTICE

Students in this course will develop tax research, tax writing and tax presentation skills while working on practical tax situations. The course uses a problem based learning approach that allows students to work in groups to address tax and non-tax issues in real life cases. Students will learn to read and interpret the Income Tax Act, Canada Revenue Agency (CRA) documents, information provided by the tax services and Tax Court cases as they research, write and present their analyses of the cases. The course will be of interest to students who will specialize in taxation and to those that will not specialize in tax as the course will help develop research, writing and presentation skills that will be of value to all finance professionals.

TAX FOR THE CFO

This course is designed to provide students with a foundation of tax concepts that will be relevant to industry practitioners. It is most relevant to students interested in developing an understanding of tax reporting, risk management and related accounting issues and will be useful to both students who will and those who will not specialize in taxation.

Master of Taxation

INTRODUCTORY TAX AND ACCOUNTING FOR MTAX

This course is designed to provide the student with the fundamentals of Canadian income taxation and the accounting needed to begin work in the tax field. It will cover both personal and corporate taxation with assigned cases used to demonstrate how the tax system actually works. It will also cover balance sheet and income statement accounting topics related to tax practice. The course will be held in August each year.

AN INTRODUCTION TO THE ACCOUNTING FOR INCOME TAXES

The goal of financial accounting is to reflect the economic activities of the firm in its financial statements. This course introduces students to the accounting for income taxes with a particular focus on analyzing differences between accounting and tax treatments, computing tax provisions, and disclosing tax information in corporate financial statements. The course also provides exposure to the both internal and external uses of tax accounting disclosures. In doing so, the course builds a solid grounding in the preparation of accounting information, but also helps students gain an appreciation for the role of financial accounting in tax planning and compliance decisions.

TAX RESEARCH AND STATUTORY INTERPRETATION

This course covers two of the most fundamental skills of a tax practitioner: statutory interpretation and the understanding and application of case law. Students will learn the basic structure of the Income Tax Act and related legislation, gain familiarity with the various tools for interpreting and applying the legislation (e.g., defined terms, deeming rules, general rules of statutory interpretation etc.) and understand the various external sources for guidance and their relevance (e.g., CCRA opinions, cases etc.). Students also learn how to read cases, to determine what legal principles and precedents a case established, and to apply case law to particular fact situations.

TAX POLICY

This course investigates the Canadian tax system in light of the objectives of that system. For any current tax rule, the idea is to identify the underlying policy problem the rule is intended to solve, consider alternative solutions, and then determine if the current tax rule can be improved or to identify tax planning opportunities.

TAXATION OF CORPORATIONS

This course concentrates on issues related to the taxation of corporations. This course is taught by integrating a variety of tax issues into cases for discussion.

INTRODUCTION TO BUSINESS STRUCTURING

This course introduces students to the more advanced areas of taxation including corporate reorganizations, partnerships and trusts.

BUSINESS STRUCTURING

The Business Structuring course is intended to provide students with an overview, from a tax and business perspective, of a variety of corporate structures that may be used to carry on business. The course examines how these structures differ from one another and how businesses may be reorganized with existing corporate groups and within the context of purchase and sale transactions. The course also deals with related debt and equity financing and capital restructuring issues. Focus is placed on the use of the numerous reorganization provisions contained in the Income Tax Act. This is in order to facilitate the completion of transactions designed to meet the stakeholders' objectives in a tax efficient manner while taking into account an analysis of the business and tax risks associated with the structure.

INTERNATIONAL TAX I

The International Tax I course is designed to provide an introduction to Canada's international tax rules and tax treaties. Barriers to cross border trade and investment continue to come down. At the same time, technology has enabled business organizations to access markets that were previously out of reach and to develop new business models that improve the profitability of their operations. The business operations for companies of all sizes are increasingly global. International tax plays a significant role in shaping the manner in which multi-national enterprises organize and finance their operations. The practice of international tax provides an exciting opportunity to actively participate in the fast changing world of global commerce alongside a multi-disciplinary team of other professionals and business leaders.

TAX PLANNING FOR THE OWNER-MANAGER AND EXECUTIVE

Owner-Managers usually have dynamic tax circumstances which demand that the tax advisor adapt their thinking quickly and effectively to bring significant value to their businesses.

TAX RISK MANAGEMENT

This course investigates tax and related accounting issues found in the tax provision on the financial statements to deepen the understanding of the impact of tax on accounting. It will also address the identification, measurement and reporting of tax risk. Corporate governance issues involved in the tax provision are also considered in this course.

ESTATE AND RETIREMENT PLANNING

This course integrates the tax, legal, family and business issues involved in planning for the estate and retirement of the business owner, the professional and the executive.

INTERNATIONAL TAX II

International Tax II builds on the fundamental principles taught in International Tax I. The course examines in more detail the foreign affiliate and foreign accrual property income rules and practices that apply to Canadian companies seeking to establish, expand, structure and finance their foreign operations in a tax efficient manner. The course also examines how Canadian companies can make effective use of low-tax jurisdictions in international tax planning to own and to finance foreign operations. Finally, the course explores how domestic and international developments and rules, such as transfer pricing, might impact such planning currently and in the future.

RESEARCH PAPER

There are two aspects to this course. First, this is the major research paper course, which requires students to design and conduct original research on a specific tax issue. Second, the classes address current and emerging tax policy and practice initiatives which practitioners need to recognize to properly advise their clients. They also cover tax and economic issues which might be addressed only tangentially in other courses.



YOUNG TAX PROFESSIONALS

THE FOLLOWING ARE THE MEMBERS OF OUR YOUNG TAX PROFESSIONAL TEAM AT APRIL 30, 2019

Ayush Aggarwal	Phillip Martin
Umar Baqai	Uzma Nadir
Andrea Bauschke	Harish Naidu
Hardeep Begda	Evan Naismith
Courtney Brown	Simran Natt
Annie Chan	Adrienne Ng
Flora (Yee Yan) Chan	Kristen Ngai
Sophie Chen	Manoshi Paranatala
Toby Chung	Smit Patel
Michelle Duong	Claire Peng
Jason Fu	Tobias Pushparajah
Genevieve Fung	Ana Rusu
Andrew Giles	Ishana Sahi
Selena (Xinyue) Guo	Aastha Saini
Mugdha Gupta	Nishi Shah
Zamil Hirani	Aasim Shaikh
Chris Houng	Jennifer Shu
Ummekulsum Jakda	Ecaterina Smirnov
Akshay Kapadia	Angela Stewart
Qhalisa Khan	Ram Subbiah
Richard Kwan	Deborah Tang
Hilary Lai	Philip Tasedan
Teresa Li	Rakshna Thirumuruka
Bill Lin	Christine Tran
Angelica Liu	Carol Valerio Pena
Cindy Liu	Joshua (Chun Kwong) Wu
Kenneth Loong	Yani Xu
Atom (Qinhao) Luo	



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WATERLOO CENTRE FOR TAXATION IN A GLOBAL ECONOMY

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