

***A Tale of Two Tax Systems:
Discerning Solutions for India - US Tax Disputes***

Co-taught by
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In an increasingly interconnected world, the complexities of taxation laws have emerged as pivotal elements in shaping international relations and economic agreements. This course is crafted for those with a foundational understanding of taxation and aims to delve deeper into the nuanced realm of tax disputes arising from cross-border transactions, particularly focusing on the intricate relations between India and the United States.

The Context of Tax Disputes

Data from the Organization for Economic Co-operation and Development (OECD) reveals a compelling narrative: India and the United States lead the globe in tax disputes. While India holds the top position, the U.S. trails closely behind. A critical examination of the Mutual Assistance Procedures reveals even more concerning information—the highest number of cross-border tax disputes globally occurs between India and the U.S. This course aspires to uncover the root causes of these disputes and explore viable resolutions.

Understanding the tax dispute landscape between these two nations is not merely of academic interest; it has substantial implications for the global economy. Tax policy interactions and disputes in India and the U.S. can set the tone for bilateral relations and influence global taxation norms.

Course Components

1. Foundational Overview of Indian and U.S. Tax Systems:

The course begins with a comprehensive introduction to the tax systems of India and the U.S., including a historical analysis to lay a solid foundation understanding the nature of taxation disputes over different periods. Students will explore the constitutional underpinnings and the evolution of tax legislation in both countries, allowing for a thorough comprehension of the intent behind fiscal policies.

2. Corporate and Non-Resident Taxation:

A significant focus will be placed on the taxation of corporations and non-residents, as these areas are often at the epicenter of cross-border disputes. Understanding how both jurisdictions navigate these complex terrains will provide students with insights into the recurring conflicts that arise.

3. Anti-Avoidance Measures:

The course will introduce the anti-avoidance measures employed by both jurisdictions. Students will analyze instances where the interpretation of these provisions has ignited disputes. Special attention will be given to the Base Erosion and Profit Shifting (BEPS) measures and how they are implemented in both tax frameworks.

4. Transfer Pricing Adjustments:

Another critical area to be reviewed involves the intricacies of transfer pricing adjustments in international transactions. Topics will include payments related to royalties, management fees, research and development services, investment advisory roles, marketing support, and software development—each a potential flashpoint for disputes.

5. India-U.S. Double Taxation Avoidance Agreement (DTAA):

After laying the groundwork, the course will delve into the interpretation of the India-U.S. DTAA. Key discussions will involve understanding permanent establishment (PE) criteria, profit

allocation to such entities, and the nuanced distinctions between royalty income and business income for foreign companies. The implications of the 2016 Advance Pricing Agreement between India and the U.S. will also be critically analyzed.

6. **Contemporary Issues in Taxation:**

Moving to contemporary subjects, the course addresses pressing issues such as the taxation of Foreign Portfolio Investors (FPIs) and the dynamic landscape of the digital economy in both nations. Students will explore how emerging technologies and investment strategies impact tax compliance and policy.

Assessment and Engagement

*This four credit course will take place for 10 weeks from 2 February to 10 October 2026. Students will be assessed on their conceptual understanding, with opportunities for engagement through **class discussions, a practical mock tax dispute resolution case study, individual presentations of decided tax cases, and a final examination.***

Students will be encouraged to think critically about potential solutions to normalize the significant number of tax disputes between India and the U.S. This emphasis on solutions equips them with the analytical tools needed to contribute to the field of taxation and international relations. In addition to three credits for the course, an additional one credit is earned by a research paper for a total of four credits. The research paper must be submitted no by 7 April 2026.

The Significance of the Course

Participating in this course offers students an invaluable opportunity to navigate the complexities of international tax laws, dispute resolution, and policy formulation. By examining the critical interplay between Indian and U.S. taxation systems, students will gain insights that extend beyond theoretical knowledge to practical application.

As future professionals in the field of taxation, understanding the nuances and historical contexts of these cross-border disputes enables students to become proactive contributors to policy discussions and reform initiatives. With tax policies continually evolving, this course prepares students to adapt to changes, advocate for sound fiscal policies, and potentially play a role in reducing international tax disputes.

Conclusion

In an era where globalization is reshaping economies and finance, the importance of understanding cross-border tax disputes cannot be overstated. This course provides a robust framework for exploring the contentious relationships between India and the U.S. regarding taxation, while simultaneously empowering students to seek innovative solutions to longstanding issues. By equipping students with the knowledge and skills necessary to navigate this complex landscape, the course not only fosters academic growth but also prepares the next generation of tax professionals to tackle the challenges ahead with confidence.

Embark on this exciting journey of discovery in the realm of taxation and its intricacies in cross-border transactions, and position yourself as a knowledgeable player in the evolving global tax arena.