

INTERNATIONAL TAX PLANNING. By BARRY SPITZ. Second Edition.  
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PLANNING financial affairs to reduce the impact of taxation is a matter of considerable importance to most taxpayers. Notwithstanding the generous dictum of Lord Atkin in *C.I.R. v. The Duke of Westminster*<sup>1</sup> that every subject “whether poor and humble or wealthy and noble, has the right so to dispose of his capital and income as to attract upon himself the least amount of tax” few of us fully exploit

<sup>1</sup> [1936] A.C. 1 at p. 8.

this opportunity to reduce taxes. The rules of the game are so intimidating in their complexity that few taxpayers are able to wade far into the thicket without extensive (and costly) assistance from professional guides.

These complexities multiply when the game assumes international dimensions. This result is due to both the increased numbers of rule-books which must be consulted and also to the fact that the laws in the various systems are rarely designed to integrate with each other. Not only will treatment of taxable entities vary significantly from one jurisdiction to another but even the entities themselves may not be recognized by the legal system imposing the tax. As the range of planning options varies directly with the increase in complexity, it is nevertheless an area which merits careful consideration by anyone whose business is international in scope.

This book provides an introduction to tax planning in the international context. In 120 pages (excluding appendix and index) the author attempts to discuss and illustrate the tax and non-tax considerations in reducing the tax burden for entities whose operations extend beyond the borders of one country. Although one hesitates to judge a book by its cover, one might feel some legitimate scepticism that such a slim volume could do justice to such a vast subject. Can "international tax planning" be credibly covered in 120 pages?

This book is an introductory work for the subject it purports to cover. It is meant to be read, not referred to. It contains a useful summary of the main principles. The book is also filled with interesting examples of tax problems drawn from a number of countries which are leaders in international business. Those expecting detailed coverage of the subject may find the book somewhat superficial. The book is basic.

The book commences its survey of tax planning with a brief discussion of fundamental elements in a domestic tax system. Matters such as the types of taxes levied, source of receipts and factors connecting a taxpayer with a taxing jurisdiction are referred to in a cursory fashion. The concept of planning in the international context is introduced with a two page discussion of the significance of tax havens and a discussion of conflicts of laws which is of similar length. Throughout, the author's explanations are supplemented with illustrations which provide examples of the principles under consideration.

Double taxation is considered in Chapter 3. The author's discussion of such taxation forms an excellent introduction to that area of law. Problems caused by the reluctance of countries to harmonize their approaches to taxation are illustrated effectively in this chapter, although the author may have made the examples even more useful had they been better integrated into the text of the book. In this section alone, the author sets out detailed examples from domestic tax law in the UK, Italy, Germany, US (Texas), Switzerland and France to illustrate his points.

The subsequent chapter deals briefly with the non-tax factors which could affect business planning. Professor Spitz considers matters such as the legal nature of the taxable entity, exchange rates and exchange control, political stability and the business climate in a juris-

diction. His objectives for this chapter are ambitious and he paints with a rather broad brush in order to cover all of the ground. The author does provide a useful list of matters which merit consideration in this chapter but of course the sheer breadth of what he attempts to cover here precludes a serious study of the issues.

His final chapter attempts to integrate all of the previous information to assist the reader in the ultimate objective: developing tax strategy. In this chapter the author develops algebraic expressions with six variables to help the reader decide whether a tax strategy is viable. It is a useful and intriguing approach. Of course, as in most economic models the assumptions underlying the premises are most important and those assumptions may be difficult to determine for something as uncertain as commencing a new business in a foreign country.

The book also contains two appendices which set out Organization for Economic Co-operation and Development draft taxation agreements. These assist the reader in appreciating some of the principles discussed in the book. They are an interesting and useful addition to the book.

The book will be very useful to a reader who is interested in having a general idea of what planning options are available. It would also assist someone who has professional advisers to appreciate they are able to do for him. This book will provide an excellent introduction for those who would like a passing familiarity with an otherwise impenetrable subject.