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**TCPI Tax Council
Policy Institute**

FOURTH ANNUAL TAX POLICY SYMPOSIUM

**Jurisdiction to Tax in the New Economy:
International, National, and Subnational Perspectives**

The Ritz-Carlton Hotel
February 27-28, 2003
Washington, D.C.

Tax Council Policy Institute
1301 K Street, NW • Suite 800W • Washington, D.C. 20005
Tel. (202) 822-0157 • Fax (202) 414-1301 • e-Mail Address: www.tcpi.org

KPMG LLP is program manager of the symposium.



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November 15, 2002

Dear Colleague:

As the world grows smaller and as taxes grow in volume and complexity, worldwide and domestic jurisdictional issues have become more prevalent, complicated, and urgent than ever before. Indeed, many tax practitioners agree that jurisdiction to tax will be the most important tax issue of the next decade.

Accordingly, we invite you to join us for the Tax Council Policy Institute's Fourth Annual Tax Policy Symposium, Jurisdiction to Tax in the New Economy: International, National, and Subnational Perspectives, on February 27–28, 2003, in Washington, D.C.

TCPI's invitation-only symposium will examine tax jurisdiction issues in an economy that has seen a significant shift from manufacturing to services, with an increasing emphasis on the global, digital, and intangible marketplace. More than 50 leading professionals from academia, government, and the private sector will lead a vigorous discussion on a variety of topics, including:

- International, national, and subnational jurisdictional rules governing both income and consumption taxes
- Application of existing jurisdictional laws to both established and emerging markets
- Proposed legislation affecting the regulation of taxation
- Current proposals for modifying existing nexus standards

The speakers represent the full spectrum of viewpoints on these significant issues. Their varied perspectives will provide symposium participants with a heightened awareness and a profound understanding of the complexity and importance of jurisdiction-to-tax issues. The speakers, moderators, and panelists will facilitate a meaningful framework for active audience participation—to come together, to explore and explain the difficulties you may be facing, and to discover and recommend practical solutions.

By devoting the entire program to a single topic of such great significance, TCPI's Tax Policy Symposium provides a unique opportunity to help write the next important chapter in tax jurisdiction by exploring the issues in a broader setting and with a greater depth not offered by other conferences. The objectives of this symposium are to both educate and seek meaningful principles that will guide future resolution. As a result, several of the sessions will include the presentation of substantial academic papers and commentary on those papers by experts in the applicable fields. CLE and CPE credit will be offered to all attendees.

TCPI, a non-profit public policy research and educational organization, was created to foster in-depth understanding of tax policies through careful study, thoughtful evaluation, and open discussion. Previous symposia have included:

- "INDOPCO: Past, Present, & Future" 2000
- "The R&D Tax Credit in the New Economy" 2001
- "The Future of International Transfer Pricing" 2002

TCPI is affiliated with The Tax Council, an association that has provided a forum on important tax policy issues for over 35 years.

On behalf of TCPI and KPMG LLP, program manager for the symposium, we look forward to seeing you in February.

Sincerely,



Roger J. LeMaster
TCPI Executive Director



Jeffrey Levey, Chairman
TCPI Board of Directors

DAY ONE

Thursday, February 27, 2003

10:00 a.m. – 6:00 p.m.

Welcoming Remarks and Recognition of Symposium Mission:

OVERVIEW OF CONFERENCE

Jurisdiction to Tax:

THEORETICAL AND HISTORICAL UNDERPINNINGS AND EVOLUTION

The inaugural session will offer a paper, followed by a panel discussion, comparing the jurisdictional rules governing income and consumption taxes, and exploring the possibilities for rationalizing tax rules in the international and subnational contexts.

Jurisdiction to Tax:

CURRENT STATE—THE UNEASY AND UNDENIABLE LEGISLATIVE AND JUDICIAL CONNECTION OF THORNY JURISDICTIONAL ISSUES AT INTERNATIONAL, NATIONAL, AND SUBNATIONAL LEVELS

What are the common threads that knit tax jurisdiction in international, national, and subnational contexts? This session will examine the link between international, national, and subnational tax jurisdiction, with particular emphasis on the increasing visibility of attributional nexus as a trigger for tax jurisdiction. A panel of domestic and international government officials will respond to a paper demonstrating the thread that connects jurisdictional issues from the subnational level through the international level. The panelists will seek to explain the rationale underlying their governments' assertions of jurisdiction to tax in various novel and problematic circumstances.

Luncheon and Address

TOPIC: INTERNATIONAL JURISDICTION TO TAX

Practical Application of Existing Direct and Indirect Jurisdictional Tax Rules

During the afternoon session, three separate panels will address the application of income and consumption tax jurisdictional rules to both established and emerging markets within international, national, and subnational frameworks. Each session will reflect the interests of representatives from the new economy as well as traditional industries.

Income Tax Jurisdictional Rules

This session will examine international, national, and subnational income tax jurisdictional theories in tandem. A panel discussion will follow the presentation of papers addressing the OECD's revised Model Treaty Commentary defining a permanent establishment (PE); the relevance of the permanent establishment concept to an increasingly digitalized economy; and the continued viability and potential for expanding U.S. Public Law 86-272.

Consumption Tax Jurisdictional Rules

This session will focus on the existing framework of jurisdictional rules governing consumption taxation, and the tension between the destination theory underlying a consumption tax and the practical and political difficulties of adopting a jurisdictional theory based on "economic nexus." A second presentation will examine the electronic commerce initiatives of the European Union and the OECD, and the potential implications of these proposals beyond electronic commerce. The panelists will comment on these papers, focusing on rules relating to the EU VAT, implementation of the Ottawa Taxation Framework, and jurisdiction to impose and require collection of state sales and use taxes.

FYI

- The second TCPI symposium, "The R&D Tax Credit in the New Economy," **drew more than 425 top tax professionals** from the private sector, government, and academia.
- Attendees at the 2002 symposium, "The Future of International Transfer Pricing" included tax leadership professionals from many **Fortune 500** companies, such as **Microsoft, Johnson & Johnson,** and **Procter & Gamble.**
- Previous corporate participants in TCPI symposia have included representatives from **Oracle, Verizon, Lockheed Martin, Exxon Mobil,** and many others.
- Academic presence is strong at TCPI symposia: academic leaders from **Berkeley, Stanford,** and **Yale** universities, as well as the **University of Georgia, Boston University,** and the **University of Arizona** law schools are among past and present participants.
- Representatives from the **IRS, U.S. Treasury, Congress, the OECD,** and various foreign departments of revenue have also provided thought leadership at TCPI symposia.
- TCPI is affiliated with **The Tax Council,** an association that has provided a forum dedicated to bringing about a better understanding of the U.S. federal tax system for over 35 years.
- **Two former commissioners of the IRS** have worked closely with the TCPI in developing previous symposia.

DAY ONE

(Continued)

Thursday, February 27, 2003

U.S. Retail Sales Tax:

RECONSIDERING PHYSICAL PRESENCE IN THE CONTEXT OF HARMONIZATION

This session will tackle the physical presence issue in the specific context of U.S. sales and use taxes. One paper will make the case against taxation without physical presence, while a second paper will offer an economic nexus proposal for the twenty-first century. The panelists will also consider efforts to simplify state tax systems with the goal of facilitating collection on remote sales.

Reception, Dinner, and Keynote Address

TOPIC: SUBNATIONAL JURISDICTION TO TAX

DAY TWO

Friday, February 28, 2003

8:00 a.m. – 12:00 p.m.

Review and Practical Evaluation of Congressional and International Proposals for Modifying Nexus/Jurisdiction

Building on the discussions regarding jurisdiction-to-tax theory held on Day One, Day Two will be devoted to review and analysis of actual nexus and jurisdiction-to-tax proposals currently under consideration. Panels of government, industry, and private sector representatives will consider the challenges of each proposal, including the difficulties confronting taxpayers forced to comply with diverse and often inconsistent taxing regimes.

The Right of States to Tax

This session will consider the various proposals currently under consideration by Congress and other institutions for modifying existing nexus standards, including the SSTP-related proposals, the expansion of the Internet Tax Freedom Act, and BAT Nexus. The session will include a discussion of obstacles encountered in the previous congressional session, lessons learned, and political issues facing the current proposals.

The Right of Nations to Tax

This session will consider direct and consumption tax proposals being considered internationally with respect to global jurisdiction-to-tax issues.

Concluding Remarks

A brief closing segment will compile the themes developed during the course of the symposium and identify the common ground among the various stakeholders that could serve as the foundation for sound and workable jurisdiction-to-tax standards for the twenty-first century.

Praise for TCPI Symposia

- "The roster of participants ...reads like a 'Who's Who' of the tax world."
—Tax Notes Today, 2000
- "Two years in a row—**great job!**"
—Executive Director, Income Taxes
- "Very relevant, well organized ...would recommend to colleagues and peers."
—Economist
- "**Simply outstanding!**"
—Tax director
- "**One of the best,** if not the best one I have ever attended."
—Attendee, TCPI R&D Tax Credit Symposium
- "The TCPI is gaining such a reputation whereby **speakers feel it a privilege to be included** in the faculty."
—Attendee, TCPI Transfer Pricing Symposium
- "The two-day conference (on the R&D Tax Credit) ...could not have been more **timely.**"
—Attendee
- "The topic, subtopics, and presenters were **fabulous!**"
—Attendee
- "The symposium faculty included virtually **all of the renowned practitioners and government officials** involved in international transfer pricing."
—Attendee

Presenters and Panelists

Mr. Joseph Andrus
Partner
PriceWaterhouseCoopers LLP
Washington, D.C.

Ms. Barbara Angus, Esq.
International Tax Counsel
U.S. Department of the Treasury
Washington, D.C.

Mr. Stephen Bill
Head of Indirect Tax Unit
European Union
Brussels, Belgium

Ms. Patricia Brown*
Deputy International Tax Counsel,
Treaty Affairs
U.S. Department of Treasury
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Ms. Annabelle Canning
Executive Director, Tax Policy
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Mr. David Cowling
Partner
Jones Day
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Cisco Systems
San Jose, CA

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Global Tax and General Tax Counsel,
Merrill Lynch & Co., Inc.

Mr. Harley Duncan
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Mr. Michael Fatale
Tax Counsel
Massachusetts Department of
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Ms. Ellen Fishbein
Vice President, Tax Policy
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Mr. Bruce Fort
New Mexico Department of
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Mr. Timothy H. Gillis
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Mr. Nicholas Giordano
Managing Partner
Washington Council,
Ernst & Young LLP
Washington, D.C.

Prof. Walter Hellerstein
Francis Shackelford Professor
of Taxation
University of Georgia Law School
KPMG LLP (Of Counsel)
Athens, GA

Ms. Elizabeth Hullinger
Vice President & Director of Taxes
The Rouse Company
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Mr. Frank Julian
Operating Vice President/Tax
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Ms. Norma J. Lauder
Senior Vice President &
Director of Taxes
Bank One Corp.
Chicago, IL

Mr. Jeffrey Levey
Vice President of Federal
Tax Legislation
Citigroup
Washington, D.C.

Mr. Douglas Lindholm, Esq.
President and Executive Director
Council on State Taxation
Washington, D.C.

Mr. Michael H. Lippman
National Managing Partner
National Tax Services
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Washington, D.C.

Mr. Jerome Libin
Partner
Sutherland, Asbill & Brennan
Washington, D.C.

Mr. William McArthur
Director, State Taxes
United Technologies Corp.
Hartford, CT

Dr. Charles McLure, PhD
Hoover Institution
Stanford University
Palo Alto, CA

Mr. Peter R. Merrill
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Mr. Michael Mundaca
Principal & Director, National
Economic Consulting
Ernst & Young LLP
Washington, D.C.

Ms. Karen Myers
Director, Tax and Trade Policy
Electronic Data Systems
Corporation
Plano, TX

Mr. Mark Nebergall
President
Software Finance and Tax
Executives Council
Washington, D.C.

Mr. Neil Osten
National Conference of State
Legislatures
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Mr. Val Oveson
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TAG, Organisation for Economic
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Mr. Lyndon Williams
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Citigroup
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Mr. Wayne Zakrzewski
Assistant General Counsel–Tax
J.C. Penney Company
Plano, TX

Speakers are still being finalized for
the program and the list will be
updated periodically on the TCPI
Web site at www.tcpi.org. Additional
speakers will include key professional
staff from congressional committees
and the Administration.

* Invited guest.

Additional Information

Program Location and Accommodations

The conference will be held at The Ritz-Carlton Hotel, 1150 22nd Street, NW, Washington, D.C. Room reservations should be made directly with The Ritz-Carlton Hotel by calling 800-241-3333 or 202-835-0500. You can view a list of the hotel's amenities online at: www.ritz-carlton.com.

Room rates are \$269 per night under the group name "Tax Council Policy Institute, Jurisdiction to Tax Symposium." To obtain rooms at the group rate, please make your reservation prior to January 27, 2003. After that date, room availability and/or pricing cannot be guaranteed. Conference rates are also available three days before and three days after the symposium, based on the hotel's availability.

Registration for the Symposium

The attendance fee for the symposium, including dinner and luncheon, is as follows:

- \$695, if the registration form and payments are received by January 6, 2003
- \$795, if they are received after January 6, 2003
- \$295, for government employees

The fee for written materials from the symposium for non-attendees is \$275. Materials will be mailed after the symposium concludes.

TCPI is utilizing Web-based registration for this symposium. To register online, visit our Web site at www.tcpi.org. You may also visit our Web site to download a registration form to fax to our attention. If you have questions, or would like additional information, please call 201-505-3666.

Cancellation and Refund

Fees are refundable, less a \$90 processing fee, if written notice is received by TCPI prior to January 13, 2003.

There will be no refunds after January 13, 2003. However, a substitute for the original registrant will be accepted.

TCPI Online

The TCPI Web site at www.tcpi.org provides more information about the symposium, past symposia, and TCPI. Updates on the symposium will also be posted periodically.

FAQs

Who should attend this symposium?

The symposium is designed for CFOs, VPs of finance, VPs of tax, corporate tax directors, government tax professionals, tax counsels, attorneys, managers, accountants, corporate controllers, treasurers, and others with an advanced level of tax knowledge.

Attendees will examine all aspects of jurisdiction to tax—particularly how it applies to an increasingly intangible and services-oriented economy—and will explore practical solutions to challenges they may be encountering.

No prerequisites or advanced preparation are necessary for attendance.

Can I get CPE credit?

Yes. TCPI is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to:

National Registry of CPE Sponsors
150 Fourth Avenue North
Suite 700
Nashville, TN 37219-2417

NASBA telephone number is 615-880-4200.
Web site is www.nasba.org.

Can I get CLE credit?

Accreditation will be requested from those states that require continuing legal education, which registrants list on their application forms. Each state has its own rules, regulations, and definition of CLE.