

**PRESENTED AT**

**4<sup>th</sup> Annual Higher Education Taxation Institute**

June 5-7, 2016

Austin, Texas

**Tax and Regulatory Considerations with  
International Activities**

**Handouts**

**Bob Lammey**

**John R. Barrett**

**Julia Shanahan**

### International Presence Risk Checklist

Host Country Activity	Y/N
Will the school conduct the activity for more than six months? - Less than six months, minimal activity may be able to use treaty - Look to see what is considered regular and continuous in country	
Will the school open a bank account (personal or institutional) in the host country? - May need identifying information (e.g. National ID number to open an account)	
Will the school rent/buy space in the host location?	
Will the school hire people to work for them? - Local permanent hires - Independent contractors - Expatriate employees	
Will the school conduct activities that might trigger permanent establishment? - Depends on treaty definition - Fixed place of business - Operate in country through a dependent agent that habitually concludes contracts	
Making purchases in country? - Durable goods - Insurance for individuals or entity	
Multiple yes responses increase the possibility that some kind of registration is needed.	
<b>Note:</b> No one factor is conclusive. This is a basic checklist to begin to identify the level of risk. Each country is different and requires its own analysis.	

International Programs  
Sample Quick Reference Guide for Faculty and Staff

Table of Contents

**Introduction**

**Using this Guide**

**The Role of the (International Operations Steering Committee)**

**The University's Global Mission**

**International Programming Resources and Tools for Faculty and Staff**

**Program Planning and Operation Guidelines**

**Program Planning Phase**

1. Structural Frameworks for Overseas Engagement
2. Internal Approvals
3. Legal Status and Registration
4. Contracts and Agreements
  - a. Due diligence on foreign parties
  - b. Types of agreements
  - c. Key terms
5. Budgeting and Special Costs
6. Education Regulation and Accreditation

**Program Operations Phase**

1. Management and Oversight
2. Human Resources
  - a. Hiring or posting personnel abroad
  - b. Independent contractors
3. Bank Accounts and Finances
4. Taxes
5. Visas and Immigration
6. Real Estate

**Additional Considerations**

1. International Trade Law (Export Control, Import, Anti-bribery)
2. Health, Safety, and Security
3. Cultural and Political Factors
4. Nondiscrimination and Civil Rights Law

5. Foreign Legal Services
6. Ethical Responsibilities
7. Intellectual Property and Use of University's Name
8. Data Protection and Privacy
9. Insurance and Risk Management
10. Political Activity

### **Applying these Principles to Specific Types of Programs**

1. Studying Abroad and Exchanges
2. Federally Sponsored Projects
3. Service Projects
4. Scientific and Medical Research

### **Frequently Asked Questions**

### **Key University Contacts and Resources**

## ENSURING SAFE PASSAGE

[E-MAIL](#)

[PRINT](#)

[FAVORITES](#)

[SHARE](#)

If your institution intends to follow the crowd, with an international itinerary, study up on compliance and other organizational requirements—and involve your fellow travelers in the details.

**By Bob Lammey and Nancy Maguire**

No doubt about it: Activities and initiatives abroad are on the rise. Institutions of all sizes and types are looking for ways to compete for the top students and identify additional revenue opportunities, and venturing abroad can accomplish these twin goals.



To avoid compliance problems created by projects abroad, Karen Kearney, managing director of global business services at Stanford University, Stanford, California, advises chief business officers to take a proactive approach. "You need to get it [the structure] right up front, as that will save a lot of headache down the road," she suggests.

Arthur Tyler, deputy chancellor and chief operating officer at Houston Community College, Houston, Texas, puts international activities in the same category as any other business engagement. While he doesn't have a silver-bullet solution to every problem that may arise, he believes that most issues can be avoided by integrating the resources that already exist on his home campus—or by employing resources that can be easily and economically obtained.

At Middlebury College, Middlebury, Vermont, Cheryl Mullins, the compensation and benefits manager, says that with the help of a global operations committee, Middlebury has put a structure in place on the home campus that "creates economies of scale with support so we're not reinventing the wheel each time there's a new project." Mullins co-chairs the institution's global operations committee.

Under a concept known as permanent establishment, your institution may be required to register itself with a local tax authority in a foreign country.

### FIVE-STEP FRAMEWORK

To create a structure for your institution's international activities, you need to begin at home base and build from the most basic level up. Start with the schools or departments where many international activities first originate, move to the provost or research office, go to central administration, and then jump all the way up to the universitywide level of strategy and resource planning.

Many institutions structure their home campus support with a framework that can come together in five steps as shown in the figure.

Also available as part of the eCourse

[2016 Higher Education Taxation eConference](#)

First appeared as part of the conference materials for the  
4<sup>th</sup> Annual Higher Education Taxation Institute session

"Tax and Regulatory Considerations with International Activities"