



IBEROAMERICAN TAX MOOT COURT 2012 Case Competition

Dustin Feaver is a famous pop singer that moved with his parents to the State of Residonia three years ago. During 2012, he has been singing all around the world but his agents concentrated significant efforts in concerts and performances in the State of Sourceonia where the amount of fans is rather scarce now.

In 2012 SOURCE Co., a Company resident in Sourceonia, promoted a huge concert in Sourcecity with Dustin Feaver as main performer. The whole event was organized by THIRD-EVENTS Co., a Company resident in the State of Thirdonia, and wholly owned by Dustin Feaver. According to the package-deal signed by SOURCE Co. and THIRD-EVENTS Co., SOURCE Co. paid 3.5 million \$ to THIRD EVENTS Co. for the whole organization including management of admission fees, advertising, lighting&sound equipment and the very performance of Dustin Feaver during the concert. No taxes were withheld by SOURCE Co. on the payment of the 3.5 million \$.

During his stay in Sourceonia Dustin participated in a famous talk show in Sourcevision, the sourceonian public TV, in which he was interviewed and sang some sourceonian traditional folklore songs in a funny way. He was paid 25.000 \$ by Sourcevision. Sourcevision withheld no taxes on this payment

In 2012 Dustin participated in a contest, called “The best singer among the best singers” organized by the world pop singer association in the States of Suorceonia, Residonia and Finalonia. The preliminary rounds were organized in Residonia, the semi-finals in Sourceonia and the final that Dustin won on August 2nd 2012 were held in Finalonia. The world pop singer association paid Dustin 100.000 \$ and withheld in Finalonia at the 10% domestic tax rate.

In 2012 the sourceonian Tax Administration investigates the income earned by Dustin in Sourceonia and concludes: 1) The 20% domestic sourceonian withholding tax should have been withheld by SOURCE Co. on the payment of 3, 5 million to THIRD EVENTS co. as far as the income should be attributed to Dustin Feaver according to sourceonian domestic tax law; in any case the application of the sourceonian General Anti-avoidance Rule could lead to the same conclusion. 2) The 20% domestic sourceonian withholding tax should

Have been withheld by Sourcevision as far as the 25.000 \$ sum paid is sourceonian source income. 3) The 20% domestic sourcenonian withholding tax should have been withheld on at least a 33% of the 100.000 \$ price paid by world pop singer association as far as a part of it has been generated in Sourceonia. The final outcome includes 100% fines for the unpaid taxes.



There are double taxation conventions between Sourceonia and Residonia and Sourceonia and Thirdonia that follow the 2010 OECD Model. Nevertheless, the DTC between Sourceonia and Thirdonia has no provision equivalent to Article 17(2) OECD MC.

Dustin Feaver and all the pretended withholding agents decide to litigate together in Sourceonia facing before the Court of first instance the position held by the Sourceonian Tax Administration.