



MALTA
INSTITUTE
OF TAXATION

MIT COURSE ON TAXATION
2024-2025 MODULE C ASSIGNMENT PAPER

INSTRUCTIONS:

1. The student is required to submit the answer in one document in PDF format
 2. Please include the below index no on the front cover of your document
 3. Word count: **2,000 to 3,000 words**
 4. Referencing for the assignment is **necessary**. Students are to use **APA** style of referencing
 5. Do not **include your name and surname in the PDF document**
 6. The assignment must reach us on educ@maintax.org by not later than **Monday, 3rd March 2025 by 5PM.**
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Question

Height Ltd, a company incorporated and tax resident in Country A, is a data analytics company that has clients all over the world.

Height Ltd has one subsidiary, Height B Ltd, a company incorporated and tax resident in Country B, which owns the intellectual property of the group. Height B Ltd is also the sole shareholder of Height C Ltd, Height D Ltd and Height E Ltd. Height B Ltd has no employees, and has a sole director, Mr B, a lawyer that is resident in Country B. Height B Ltd charges royalties to Height D Ltd and Height E Ltd and immediately thereafter distributes all profits available for distribution by way of dividends to Height Ltd.

Height C Ltd, a company incorporated and tax resident in Country C, employs over 100 software developers. Height C Ltd attracts the best talent thanks to the flexibility it allows its employees, who can work from home as well as to enjoy the digital nomad life, i.e. Height C Ltd allows its employees to work from whichever country they wish without Height C Ltd monitoring their movements. While most of its employees are still resident in Country C, five employees are resident in Country F, and another ten employees are resident in Country G. Height C Ltd does not have any offices in Country F or Country G.

Height D Ltd, a company incorporated in Country D, focuses on sales in Country D, the main market from which the Height Group generates its revenue. Height D Ltd has recently started looking to expand its business through entering the market of Country F. Employees of Height D Ltd are regularly travelling on short trips to Country F to meet prospective customers and negotiate terms. All meetings (and negotiations) are held face-to-face in Country F, however, while employees have the power to conclude contracts on behalf of Height D Ltd, they are generally careful to only sign agreements while they are physically present in Country D. 85% of Height D Ltd's revenue is generated in Country D, and the rest is generated in Country F. Height D Ltd pays royalties to Height B Ltd.

Height E Ltd, a company incorporated in Country E, is exclusively focused on sales in Country E. All Height E Ltd's employees are resident in Country E. Height E Ltd pays royalties to Height B Ltd.

- *Country A and Country B have a double tax treaty in place which is largely based on the 2017 OECD Model Tax Convention. The main differences are the withholding tax rates for dividends and interest which provide exclusive taxing rights to the jurisdiction of the recipient of the dividend and interest.*
- *Country A **does not** have double tax treaties with Country C, Country D, Country E, Country F and Country G.*
- *Countries B, C, D, E, F and G have double tax treaties in place between them which are largely based on the 2017 OECD Model Tax Convention.*

Required:

Comment on the tax treaty and transfer pricing implications and risks associated with the operations of the Height Group. Your comments should include an explanation of the operation of the relevant treaties, an explanation of the concepts to be considered (such as beneficial ownership, permanent establishment, etc....) and the rationale behind any risks which you may have identified.
