Audit fees comprise a fourth category of threats to independence, again paralleling problems in North America. The mix of consulting and auditing fees is considered, as are uncollected fees and “loss leader” pricing. In contrast to US and Canadian standards, the fifth category considered is “acting for a client for a prolonged period of time,” pointing out the need for rotation of auditors because of close relationships that otherwise develop between persons.

The last three categories are actual or threatened litigation with the client, seeking a second opinion from other statutory auditors, and the role of audit firms. One unusual feature of the FEE recommendations is a requirement for communication between the two audit firms when a second opinion is sought. If this communication is not permitted, then the second auditor should decline to act.

Overall, I believe that the three FEE booklets provide an extremely useful review of current auditing standards and standard-setting in Europe. The summaries of current practices should be valuable to any researcher interested in conducting cross-cultural studies in accounting and auditing. These studies would include analyses of auditing procedures, the effects of audit reporting, and the effects on auditing and reporting (and capital market reactions) of country-specific laws and regulations as well as market practices.

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This compact book introduces basic international tax principles and selected significant issues. It is easy to read, provides useful numerical examples, and includes copies of many relevant tax forms for reference purposes. The book also summarizes international tax research findings from the academic literature. Hence, the book provides an effective, quick overview for casual readers who desire to know the basic principles of international taxation. It is not geared for readers who desire in-depth insights into significant current issues.

The first two chapters of the book introduce international tax principles, including the philosophies of international taxation and the role for tax treaties. The explanation of the US foreign tax credit system in Chapter 2 is especially clear. For academic researchers, the most useful part of these two chapters is Appendix 1.B, which reproduces the literature review by Louise E. Single and John L. Kramer, “Tax Policy and the Location of Plants and Profits,” published in the 1996 number of *Journal of Accounting Literature*.

Chapters 3 through 5 then each addresses a significant international tax issue. Specifically, Chapter 3 clearly and concisely summarizes tax transfer pricing regulations and related documentation requirements. Chapter 4 introduces foreign sales corporations and other tax incentives for exports. Chapter 5 explains value-added taxation systems in Europe, providing detailed numerical examples. All three chapters are ideally suited for international tax novices, who require basic introductions to fundamental concepts.
Despite its strengths, this book reflects several limitations. First, the book generally does not provide firm-level examples of the relevant issues. For example, the chapter on transfer pricing would be more useful to readers if the author had discussed the outcomes from recent court cases to illustrate the key points of debate between taxpayers and tax regulators. In addition, the discussion of foreign sales corporations lacks any examples of the tax benefits that specific firms have garnered from these entities.

Second, it is unclear how the author chose which significant international tax issues to include in the book. For example, Chapter 4, on tax incentives for exporting, addresses domestic international sales corporations and foreign sales corporations in detail. However, the chapter does not even refer to the potentially much stronger foreign tax credit incentives for exports under Internal Revenue Code section 863(b). Furthermore, the book does not address the many significant international tax issues relating to cross-border acquisitions, capital structure, and the international location of debt and interest expense, or the repatriation of profits from foreign subsidiaries. Hence, the book is far from being comprehensive.

Third, as happens to all tax books, this book already is somewhat outdated. The US is now under tremendous pressure from its trading partners to eliminate or drastically alter foreign sales corporations, which comprise the bulk of Chapter 4. Also, the subsection on escaping tax on capital gains in the US (pp. 77–78) does not account for the stringent constructive sales rules the US has now imposed on many of the listed strategies. In addition to missing recent changes in tax rules, the book misses all of the recent academic transfer pricing and international location research, which is substantial.

Fourth, while the book provides useful lists of pros and cons relating to different tax issues, it generally does not clarify the criteria that readers could use for effective decision making. For example, rather than merely listing the pros and cons of using foreign branches versus foreign subsidiaries (pp. 74–75), it would be useful if the book had helped clarify the conditions under which one organizational form is preferred over the other.

Fifth, the book contains many stand-alone sections that are not well integrated with each other. For example, the text of the book does not refer to line items on the many tax forms that have been dropped into the book, even though the tax forms could have been used to illustrate the mechanics of different tax provisions. Also, instead of incorporating findings from academic research throughout the book, these findings generally are relegated to stand-alone Appendix 1.B, the article by Single and Kramer.

In short, this book provides a brief introduction to the most basic international tax principles. Readers who need a brief overview of this type will benefit greatly from the book. Readers who are in search of a deep, comprehensive analysis of significant current issues in international taxation will likely feel unsatisfied.

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