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Preface

This work aims to provide an analysis of various corporate taxation issues arising in domestic as well as in cross-border derivatives transactions. It is structured around seven problems in the taxation of derivatives that I have identified as particularly relevant. Each taxation problem is dealt with in a separate chapter.

These 'problem chapters' discuss both the UK and German legislative approach to deal with the specific taxation problem in a first step and in a second step analyse, evaluate and compare those approaches, including the strengths and weaknesses of the approaches. At the end of each chapter, I propose solutions on how to deal with the specific derivatives taxation problems.

Although the analysis in this work is mainly based on the existing tax legislation in the UK and Germany, the work is not aimed to be a comparative work of domestic tax legislation dealing with derivatives. Rather, it engages in a broader discussion of both general and specific issues at the level of the domestic tax legislation as well as problems on an international level. A comparison of the specific tax legislation in the UK and Germany and the analysis of practical examples allow a differentiated discussion of problems and possible solutions that can be adopted in the context of derivatives taxation, thereby avoiding a one-sided view on how to deal with those issues from the perspective of only one country's tax legislation.

The work contains 11 chapters. Chapter 2 explains the economic basics of derivatives. In Chapter 3, I identify the various taxation problems that derivatives may create at a national and international level. Chapters 4–10 are specific 'problem chapters' where each of the seven problems which were identified in Chapter 3 are dealt with. After an evaluation of the advantages and disadvantages of the taxation solutions implemented by the UK and Germany, I have suggested at the end of each 'problem chapter' solutions how domestic tax legislators as well as international bodies like the OECD may be able to deal with these problems coherently. These solutions have also been specifically evaluated in relation to the question whether they are appropriate to tackle tax avoidance schemes that utilise derivatives.

The discussions in these chapters have also incorporated a discussion of various tax policy issues as well as practical application problems arising in domestic as well as cross-border derivatives transactions. In the conclusion, I sum up my evaluation of the