

# Introduction to U.S. Transfer Pricing

Amsterdam, 27 – 29 April 2009

## Day 1

08.30 - 09.00      **Registration**

09.00 - 09.20      **Welcome and IBFD Overview**

09.20 - 10.40      **Overview of US Transfer Pricing**

- Introduction
- History
- § 482 Internal Revenue Code (IRC)
- Comparison with the OECD Transfer Pricing Guidelines
- Latest developments

10.40 - 11.00      Break – Refreshments

10.50 - 12.45      **General Principles of US Transfer Pricing**

- The Best Method Rule
- The Arm's Length Range
- Penalties
- Special Circumstances
- §482 and §6662 Regulatory Differences
- Other considerations

12.45 - 14.00      Lunch

14.00 - 15.40      **US Functional Analysis and Tangible Property Methods**

- Functional analysis
- Industry analysis
- Characterising the entities
- Tangible Property Methods
  - Comparable Uncontrolled Price (“CUP”) Method
  - Resale Price Method (“RPM”)
  - Cost Plus Method (“Cost Plus”)
  - Comparable Profits Method (“CPM”)
  - Profit Split Method
  - Unspecified Methods
- Profit Level Indicators (PLI's)

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15.40 - 16.00 Break – Refreshments

16.00 - 17.00 **Intangible Property Methods**

- What is Intangible Property?
- Intangible Property Methods
  - Comparable Uncontrolled Transaction (“CUT”)
  - Comparable Profits Method (“CPM”)
  - Profit Split Method
  - Unspecified Methods

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## Day 2

09.00 - 10.40

### **Services Methods**

- Final and Temporary Services Regulations
- Benefit Test
- Stewardship
- Methods for Services
  - Comparable Uncontrolled Services Price (CUSP) Method
  - Gross Services Margin Method – RPM analog
  - Cost of Services Plus Method (CSPM)
  - Comparable Profits Method (CPM)
  - Services Cost Method (no mark-up)
  - Profit Split Methods (PSM)
  - Unspecified Methods
- Consequences and conclusions

10.40 - 11.00

Break – Refreshments

11.00 - 12.45

### **Preparing Documentation – A Practical Guide**

To gain penalty protection in the US, taxpayers need to provide 10 principal documents. This session will address each principal document in turn and discuss pragmatic solutions to compiling documentation.

12.45 - 14.00

Lunch

14.00 - 15.20

### **Cost Sharing Agreements (CSA) in the US TP Practice**

- Overview
- Benefits and disadvantages of cost sharing
- Requirements
- Transfer Pricing Methods
- Recent developments

15.20 - 15.40

Break – Refreshments

15.40 - 17.00

### **Compensatory Stock Options in a QCSA**

- Definition of Costs in QCSA
- Compensatory Stock Options
- IRS Approach
- Conclusion

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## Day 3

### 09.00 – 10.40 **US Transfer Pricing Implications of a Tax Risk Policy**

- What is a risk
- Types of tax risk
- Processes to manage risk
- Board involvement
- Overseas jurisdictions

10.40 - 11.00 Break – Refreshments

### 11.00 - 12.45 **Transfer Pricing versus Customs**

- Similarities and differences
- Customs valuation methods
- Comparison of Customs and TP Methods
- Practical observations

12.45 - 14.00 Lunch

### 14.00 - 15.20 **US Transfer Pricing and Accounting Issues**

- Overview of FIN 48
- Differences between the FASB and IASB approaches
- Impacts of the application of FIN 48 on transfer pricing

15.20 - 15.40 Break – Refreshments

### 15.40 - 17.00 **US APA Program**

- Overview
- Purpose and principles of the APA Program
- Content of APA requests
- Taxpayer disclosure obligations
- Statistics