

Principles of Transfer Pricing

Amsterdam, 26 – 29 April 2010

Day 1

08.30 - 09.00	Registration
09.00 - 09.20	Welcome and IBFD Overview
09.20 - 11.00	Introduction to Transfer Pricing <ul style="list-style-type: none">• What is transfer pricing?• The importance of transfer pricing• Article 9 of the OECD and UN MTCs• Associated enterprises• The arm's length principle• The OECD transfer pricing guidelines for multinational enterprises• Applying the arm's length principle• Compensating adjustments• Selected examples of domestic transfer pricing law
11.00 - 11.20	Break - Refreshments
11.20 - 12.45	Transfer Pricing Methods <ul style="list-style-type: none">• Transaction-based methods<ul style="list-style-type: none">- comparable uncontrolled price (CUP)- cost-plus method- resale price method• Profit-based and other methods<ul style="list-style-type: none">- profit split method- transactional net margin method (TNMM)- other methods• Practical examples• Case study
12.45 - 14.00	Lunch
14.00 - 15.20	Transfer Pricing Methods (<i>continued</i>)
15.20 - 15.40	Break - Refreshments
15.40 - 17.00	Transfer Pricing Methods (<i>continued</i>)

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Day 2

09.00 - 10.30

Comparability Analysis

- Comparability factors
- Establishing search criteria
- Conducting a basic comparability study
- The difference between comparability and benchmarking
- Sources of information and utilising databases
- Practical examples/case studies

10.30 - 10.50

Break - Refreshments

10.50 - 12.45

Administrative Approaches to Avoiding and Resolving Transfer Pricing Disputes

- Economic double taxation
- Corresponding adjustments
 - Article 9 OECD MTC
- Secondary adjustments
- Mutual agreement procedure
 - Article 25 OECD MTC
- Penalties
- Advance pricing arrangements

12.45 - 14.00

Lunch

14.00 - 15.20

Case Study

15.20 - 15.40

Break - Refreshments

15.40 - 17.00

Transfer Pricing Documentation

- Content and purpose
- OECD guidelines
- US Documentation
- European master file
- PATA documentation
- When should documentation be available?

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Day 3

09.00 - 10.30

Intra-Group Services and Cost Contribution Arrangements

- Introduction
 - business models
 - OECD approach
 - relationship between ICS & CCA
- Types of intra-group services/common services
 - shareholder activities and genuine intra-group services
 - allocation keys
 - choice of transfer pricing method
- Funding of the services & activities at arm's length
 - direct charge
 - indirect charge
- Transfer pricing method
 - service charge computation
 - documentation
- Cost sharing arrangements
- Case study

10.30 - 10.50

Break - Refreshments

10.50 - 12.45

Intra-Group Services and Cost Contribution Arrangements *(continued)*

12.45 - 14.00

Lunch

14.00 - 15.30

Intra-Group Finance Transactions

- Importance of intra-group finance transactions
- Types of intra-group finance transactions
- Establishing an arm's length interest rate
 - comparability factors to consider
 - importance of a stand-alone credit rating
 - base rates and credit spreads
- Guarantee fees
 - when to charge a guarantee fee
 - how to establish a guarantee fee
 - implicit parent guarantee
- Cash pooling
 - notional pooling vs. zero balancing
 - how to remunerate cash pooling activities
- Developing a loan pricing policy
 - consistent approach on interest rates
 - meeting transfer pricing documentation requirements
- Transfer pricing risks and planning opportunities
- Case study

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- 15.30 - 15.50 Break - Refreshments
- 15.50 - 17.00 **Intra-Group Finance Transactions** (*continued*)

Day 4

- 09.00 - 10.30 **Transfer Pricing and Intangibles**
- Defining intangibles
 - Identifying intangibles
 - Categories of intangibles
 - Manufacturing and marketing intangibles
 - Royalty determination
 - Pricing methods
 - Pricing intangible transfers
- 10.30 - 10.50 Break - Refreshments
- 10.50 - 11.20 **Transfer Pricing and Intangibles** (*continued*)
- 11.20 - 12.45 **Managing the Customs-Transfer Pricing Nexus**
- Does the arm's length price equate to the customs value?
 - Valuation in tax and customs: similarities and differences
 - Developments
- 12.45 - 14.00 Lunch
- 14.00 - 15.20 **Case Study**
- 15.20 - 15.40 Break - Refreshments
- 15.40 - 17.00 **Transfer Pricing Risk Management**
- What is risk management?
 - Sources of transfer pricing risk
 - Risk embedded within transfer pricing
 - Role of transfer pricing within a MNE
 - Transfer pricing and tax effect accounting issues
 - A framework for transfer pricing risk management