

## IBFD Online Course: Fundamentals of Transfer Pricing

### Learning objectives

- Appreciate the importance of international transfer pricing to multinational enterprise groups and tax administrations
- Analyse a country's legal framework for transfer pricing, taking into account international practice and guidance (including the OECD Transfer Pricing Guidelines) and the role of tax treaties
- Understand the arm's length principle, the concept of comparability and the transfer pricing methods in the OECD transfer Pricing Guidelines
- Understand the challenges raised by the digital economy and the proposals from (i) the OECD such as the "Unified Approach", Global Anti-Base Erosion (GloBE) Proposal under Pillar Two and the Globe and the Two Pillar Approach, (ii) the European Union, and (iii) unilateral measures of countries to tax the digital economy
- Apply the arm's length principle in practice, based on the guidance provided in the OECD Transfer Pricing Guidelines
- Understand the purpose and content of Transfer Pricing documentation, including having an understanding of international guidance on this subject
- Appreciate mechanisms for avoidance and resolution of transfer pricing disputes, including advance pricing agreements, the mutual agreement procedure and arbitration (under the European Arbitration Convention and under Tax Treaties)

### Pre-requisites

This course covers, in detail, the fundamentals of international transfer pricing, as it relates to direct, or income, taxation. Focusing on the OECD Transfer Pricing Guidelines, the course addresses the importance of transfer pricing, the legal framework (in particular the role of tax treaties) and the practical application of the arm's length principle by way of comparability analysis and use the OECD Transfer Pricing Methodologies. In addition, taxation of the digital economy and transfer pricing adjustments are considered, along with transfer pricing documentation and dispute resolution and avoidance mechanisms.

The course is highly recommended for participants with no or limited knowledge and experience with international transfer pricing, however it is also suitable for those that have previous experience with transfer pricing and wish to refresh or consolidate their understanding of the topic.

### Study time

Audio lessons: 4.5 hours

Self-study: 12.5 hours

Further reading: optional

### Advanced preparation

No advanced preparation is necessary. All required study material is provided in the online course.

### Course program

Lessons	Topics Covered
Lesson 1: <b>Introduction to transfer pricing</b>	<ul style="list-style-type: none"> <li>• What is transfer pricing?</li> <li>• Separate entity approach</li> <li>• The significance of intra-group relations</li> <li>• The importance of transfer pricing States and MNE Groups</li> </ul>
Lesson 2: <b>The legal framework</b>	<ul style="list-style-type: none"> <li>• The international tax environment</li> <li>• The arm's length principle</li> <li>• Features of domestic transfer pricing rules</li> <li>• The role of tax treaties</li> <li>• The OECD Transfer Pricing Guidelines</li> </ul>
Lesson 3a: <b>Comparability</b>	<ul style="list-style-type: none"> <li>• Comparability and the Arm's Length Principle</li> <li>• What is Comparability?</li> <li>• The condition being examined</li> <li>• The five Comparability Factors</li> <li>• Comparability Adjustments</li> </ul>

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Lesson 3b: <b>Transfer pricing methods</b>	<ul style="list-style-type: none"><li>• CUP method</li><li>• Resale price method</li><li>• Cost plus method</li><li>• Transaction net margin method</li><li>• Profit split method</li></ul>
Lesson 3c: <b>Taxation of the digital economy</b>	<ul style="list-style-type: none"><li>• The tax challenges raised by the digital economy</li><li>• The OECD agenda</li><li>• The OECD proposals</li><li>• The EU proposals</li><li>• Unilateral regulations</li></ul>
Lesson 4: <b>Quiz</b>	<ul style="list-style-type: none"><li>• <i>Reinforce key concepts</i></li></ul>
Lesson 5: <b>Applying the arm's length principle</b>	<ul style="list-style-type: none"><li>• The 9-step "typical process" in the OECD Transfer Pricing Guidelines (2017)</li><li>• Selection of the most appropriate transfer pricing method</li><li>• Selection of the tested party</li><li>• Sources of comparable information</li><li>• Developing search criteria</li><li>• Foreign comparables</li><li>• Use of non-transactional data</li><li>• Determination of arm's length range</li></ul>
Lesson 6: <b>Transfer pricing adjustments</b>	<ul style="list-style-type: none"><li>• Compensating adjustments</li><li>• Primary adjustments</li><li>• Corresponding adjustments</li><li>• Secondary adjustments</li><li>• Repatriation</li></ul>
Lesson 7a: <b>Transfer pricing dispute avoidance and resolution</b>	<ul style="list-style-type: none"><li>• Causes of Transfer Pricing Disputes</li><li>• Domestic Law Procedures</li><li>• Mutual Agreement Procedure (MAP)</li><li>• Compulsory Arbitration (Art. 25(5) OECD MTC)</li><li>• European Arbitration Convention</li><li>• Advance Pricing Agreements</li></ul>
Lesson 7b: <b>Transfer pricing documentation</b>	<ul style="list-style-type: none"><li>• Role and purpose</li><li>• Characteristics of domestic transfer pricing documentation rules</li><li>• Chapter V of the OECD Transfer Pricing Guidelines</li><li>• EU Transfer Pricing Documentation: Code of Conduct</li><li>• PATA Documentation Package</li></ul>
Lesson 8: <b>Quiz</b>	<ul style="list-style-type: none"><li>• <i>Reinforce key concepts</i></li></ul>

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**How to register:**

To register for an IBFD online course, please visit [www.ibfd.org](http://www.ibfd.org) or contact [info@ibfd.org](mailto:info@ibfd.org)