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
- 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, 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 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: **Introduction**	• What is transfer pricing? • Why is it important?
Lesson 2: **The Legal Framework**	• The international tax environment • The arm's length principle • Domestic transfer pricing rules • The role of tax treaties • The OECD Transfer Pricing Guidelines
Lesson 3a: **Comparability**	• The Arm's Length Principle and Comparability • Comparability Factors • Comparability Adjustments
Lesson 3b: **Transfer pricing methods**	• CUP method • Resale price method • Cost plus method • Transaction net margin method • Profit split method Other methods
Lesson 4: **Quiz**	• *Reinforce key concepts*

Lesson 5: **Applying the arm's length principle**	• The 9-step typical process for undertaking a comparability analysis in the OECD Transfer Pricing Guidelines (2010) • Selection of the most appropriate transfer pricing method • Selection of the tested party • Use of multiple year data • Arm's length range
Lesson 6: **Transfer pricing adjustments**	• Compensating adjustments • Primary adjustments • Corresponding adjustments • Secondary adjustments • Repatriation
Lesson 7a: **Transfer Pricing dispute avoidance and resolution**	• Advance Pricing Agreement s • Domestic mechanisms • Mutual Agreement Procedure • Arbitration (Art. 25(5) OECD MTC) • European Arbitration Convention
Lesson 7b: **Transfer Pricing Documentation**	• Importance, purpose and content • PATA, EU and OECD documentation guidelines • Link to penalties
Lesson 8: **Quiz**	• *Reinforce key concepts*

How to register:

To register for an IBFD online course, please visit www.ibfd.org or contact onlinecourses@ibfd.org