IBFD Course Programme
Principles of Transfer Pricing

Amsterdam / 19 – 23 October 2020
Overview and Learning Objectives
Transfer pricing deserves to be a top-of-mind priority. The OECD, United Nations, European Union and individual countries have changed and keep changing their guidance in the field of transfer pricing due to the BEPS Project. The new guidance can be considered a game changer and is expected to alter the transfer pricing outcomes in many situations. This requires a different approach from both tax authorities and multinational enterprises. A significantly more granular risk and functional analysis should be performed. Companies as well as tax authorities need to have a better understanding of how value is created with respect to the development and exploitation of their intangibles. A further point of focus is the way in which companies and tax authorities should deal with the three-tiered OECD approach related to transfer pricing documentation.

In order to deal with all developments in the field of transfer pricing properly, it is essential to fully understand the transfer pricing principles and methodologies and their practical application. This five-day intermediate-level course introduces participants to such principles and methodologies and then covers their application to specific categories of intra-group dealings. The theoretical sessions are complemented by case studies.

This course serves as good preparation for the CIOT’s Module 3.03 Transfer Pricing certificate. For more information about the Advanced Diploma in International Taxation you can visit the CIOT’s website.

This is an interactive course with a maximum of 32 participants.

Who Should Attend?
The course is suitable for finance and tax personnel of multinational enterprises, tax accountants, economists and lawyers, in-house tax managers, tax and transfer pricing advisers, and government officials and tax officers.

Course Level and Prerequisites
This is an intermediate-level course, containing introductory sessions. Whilst prior experience of transfer pricing is desirable, it is not a prerequisite to satisfactorily participate in this course.
Day 1

08.30 - 09.00  Registration

09.00 - 09.20  Welcome and IBFD Overview

09.20 - 10.00  Introduction to Transfer Pricing

- What is transfer pricing?
- The importance of transfer pricing
- Article 9 of the OECD and UN Models
- The OECD Transfer Pricing Guidelines for Multinational Enterprises
- Associated enterprises
- Applying the arm's length principle
- Selected examples of domestic transfer pricing law

10.00 - 11.00  Comparability Analysis – Part I

- Comparability factors
- Establishing search criteria
- Functional analysis

11.00 - 11.20  Break – Refreshments

11.20 - 12.45  Transfer Pricing Methods

- Transaction-based methods
  - comparable uncontrolled price (CUP)
  - cost-plus method
  - resale price method
- Profit-based and other methods
  - profit split method
  - transactional net margin method (TNMM)
  - other methods
- Compensating adjustments
- Practical examples
## Day 1

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Day 2

09.00 - 10.30  Comparability Analysis – Part II

- Conducting a comparability study
- Case study

10.30 - 10.50  Break – Refreshments

10.50 - 12.45  Intra-Group Services and Cost Contribution Arrangements

- Introduction
  - business models
  - OECD approach
  - relationship between ICS and 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 and activities at arm’s length
  - direct charge
  - indirect charge
- Transfer pricing method
  - service charge computation
  - documentation
- Cost sharing arrangements

12.45 - 14.00  Lunch

14.00 - 15.20  Intra-Group Services and Cost Contribution Arrangements (continued)

15.20 - 15.40  Break – Refreshments

15.40 - 17.00  Case Study: Intra-Group Services and Cost Contribution Arrangements
Day 3

09.00 - 10.20  Transfer Pricing and Intangibles
- Defining intangibles
- Identifying intangibles
- Categories of intangibles
- Manufacturing and marketing intangibles
- Royalty determination
- Pricing methods
- Pricing intangible transfers

10.20 - 10.40  Break – Refreshments

10.40 - 12.45  Transfer Pricing Intangibles (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
- Developing a loan pricing policy
  - consistent approach on interest rates
  - meeting transfer pricing documentation requirements
- Transfer pricing risks and planning opportunities

15.30 - 15.50  Break – Refreshments

15.50 - 17.00  Case Study: Intra-Group Finance Transactions
Day 4

09.00 - 11.00  Business Restructuring

- Business restructuring from a transfer pricing standpoint
- The application of the arm’s length principle to business restructuring
- The concept of “transfer of functions”
- Common types of business restructuring
  - distribution activities
  - manufacturing activities
  - intellectual property
  - services
- Recent developments
  - OECD
  - domestic law examples

11.00 - 11.20  Break – Refreshments

11.20 - 12.45  Case Study: Business Restructuring

12.45 - 14.00  Lunch

14.00 - 15.20  Permanent Establishments

- Article 7 of the OECD and UN Models
- The attribution of profits under the 2008 OECD rules
- The attribution of profits under the 2010 OECD rules
- The problematic capital attribution
- The controversial agency PE

15.20 - 15.40  Break – Refreshments

15.40 - 17.00  Permanent Establishments (continued)
Day 5

09.00 - 11.00  Transfer Pricing Documentation

- Content and purpose
- OECD guidelines
- European Master File
- When should documentation be available
- Country-by-country (CbC) reporting
- Practical issues CbC reporting

11.00 - 11.20  Break – Refreshments

11.20 - 12.45  Administrative Approaches to Avoiding and Resolving Transfer Pricing Disputes

- Economic double taxation
- Corresponding adjustments
  - article 9 of the OECD Model
- Secondary adjustments
- Mutual agreement procedure
  - article 25 of the OECD Model
- Penalties
- Advance pricing arrangements

12.45 - 14.00  Lunch

14.00 - 15.40  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

15.40 - 16.00  Break – Refreshments
Day 5

16.00 - 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 an MNE
- Transfer pricing and tax effect accounting issues
- A framework for transfer pricing risk management