



Tax
Audit
Advisory
Accounting

Transfer Pricing Risk Management

International Tax Risks, Business Model and
Market Challenges in Balance

Overcoming Borders. In Thoughts and Actions.

Our most important tools are not calculators, tables and the latest technology but rather a close look, a finely tuned ear, a good nose and an honest talk. Only those who communicate with their clients at their level and who can fully appreciate every project find the most suitable solutions.

This is what we understand by Face-to-Face-Business and we live by this credo. Day in, day out. At a regional and international level. In the areas of

- tax advisory
- auditing and
- advisory.

Facts and Figures

The TPA Group is one of the leading tax advisory and auditing services companies in Austria as well as in Central and South Eastern Europe. We have approximately 1,000 employees in 27 locations in Albania, Austria, Bulgaria, Croatia (exclusive business partner), Czech Republic, Hungary, Poland, Romania, Serbia, Slovakia and Slovenia. Our services include tax advisory, auditing and advisory.

TPA is a member of the international network of Crowe International, a global association of legally autonomous and independent tax accountants, auditors and management consultants.

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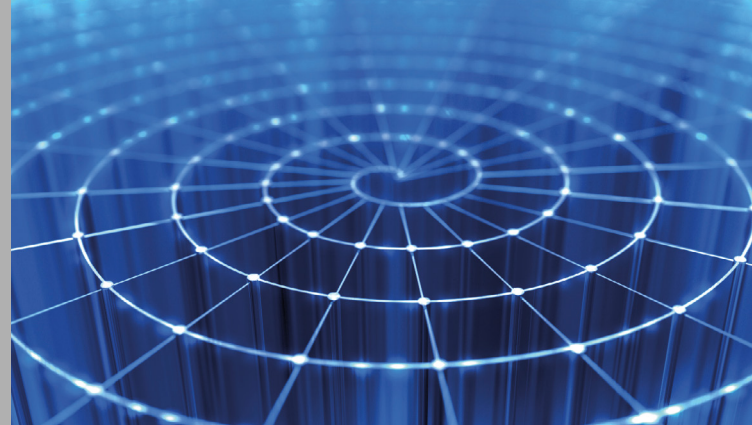
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Transfer Pricing Risk Management

Transfer pricing is the main tax topic on the agenda of all tax administrations, especially in the CEE region.

For tax purposes associated companies must prove that they are acting at arm's length in their transactions with each other.

What qualifies as an arm's length transaction for tax purposes depends mainly on the business and organizational model of the interacting business units within the group. Transfer pricing is, therefore, a balancing act that requires a close look at

- the business model,
- the conditions of the market, where the company operates and
- the tax framework

Hence, transfer pricing challenges require sound risk management.

Transfer Pricing as a Challenge and as a Planning Instrument

Multinational enterprises have to deal with transfer pricing issues in a variety of situations:

- Structuring and optimization of supply chain transactions as well as setting the transfer prices for services and supplies
- State of the art group charges for intra-group services
- Cost allocations and cost sharing agreements
- Intra-group transactions involving intangible property (especially trademarks, patents, know-how)
- Organizational restructurings and relocation of functions within the group
- Intra-group financing (provision of shareholder loans, guaranties and securities, cash pooling)
- Intra-group secondment arrangements
- Permanent establishments
- M&A transactions

Tax issues involved in transfer pricing cases are manifold. Economic risks based on high penalties, high costs associated with non-compliance and administration efforts are consequently very high.

Harmonisation of business model and transfer pricing system is extremely important in this context.

Tax Risks, Business Model and Market in Balance

TPA experts possess interdisciplinary know-how in the areas of taxation, business and market in order to help you solve your transfer pricing issues. We can support you in all questions and on all stages of your risk management process.

Our services

- Transfer Pricing Strategy
 - Design of efficient and supportable transfer pricing policies
 - Support in structuring and pricing of intra-group supply chain transactions, allocation of costs as well as financing and licensing arrangements
 - Evaluation of global profit alignment and supply chain strategies and opportunities
 - Evaluation of functions performed, risks assumed and assets employed
 - Advance Ruling Requests
 - Evaluation of transfer pricing risks for M&A due diligence and tax provision purposes
- Documentation
 - Drafting of Master File and/or local documentation
 - Diagnostic evaluation of current transfer pricing policies
 - Recommendation regarding intra-group agreements
 - Transfer pricing studies using Amadeus database
 - Comparability analysis
- Implementation
 - Review and comments on existing intra-group agreements
 - Guidance regarding accounting and tax system outputs and effective transfer pricing policies
- Audit defense
 - Provision of transfer pricing analyses in support of tax audit defense
 - Participation in negotiations with local tax authorities