

TRANSFER PRICING SERVICES

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WHY IS TRANSFER PRICING SO IMPORTANT

The rising volume and variety of intercompany transactions and transfer pricing (TP) regulations, accompanied by increased enforcement activities worldwide have made TP a leading risk management issue for global businesses.

Global tax rules are changing, and changing rapidly. The final reports on the Base Erosion and Profit Shifting (BEPS) Action Plan have been released by the Organisation for Economic Cooperation and Development (OECD) and endorsed by the G20. These reports on the 15 BEPS Action Points recommend significant changes in international tax laws and treaties. Due to the unique global alignment on the matter, BEPS is the most comprehensive change in international taxation in history. Attention has turned to the actions that are being taken by countries in response to these recommendations.

The Netherlands has been one of the first countries that has implemented in full all BEPS initiatives relating to TP, a proof of that being that the Dutch Tax Authorities have launched new TP documentation requirements. These TP documentation requirements are 3-tiered (master file, local file and country-by-country reporting) and are triggered depending on whether the applicable financial thresholds are met.

The new Dutch TP documentation requirements are detailed and compulsory and are applicable for all fiscal years starting on or after January 1, 2016. Furthermore, under the new requirements, Dutch taxpayers need to have the TP documentation available when filing the corporate income tax return.

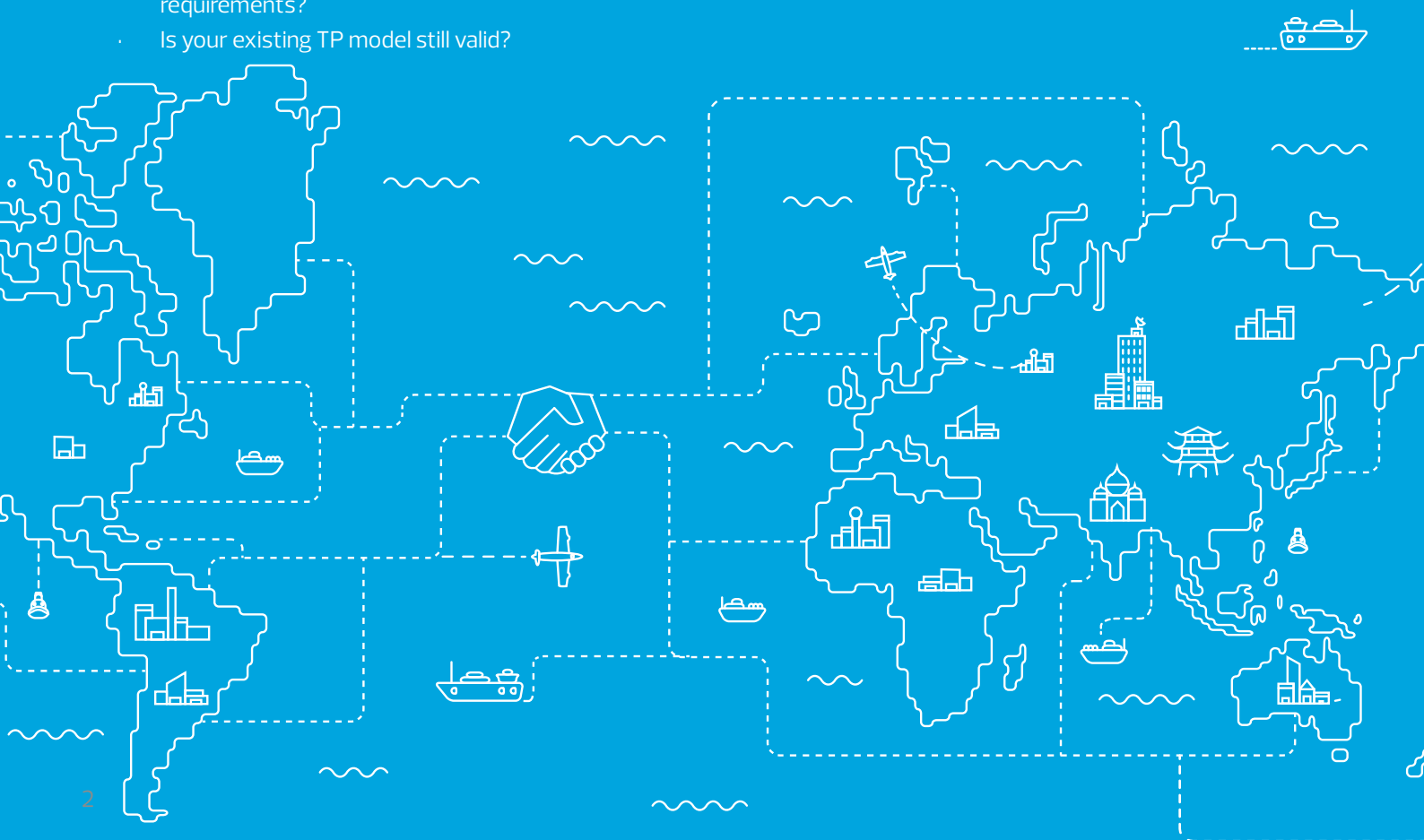
Failure to comply with some of these rules could trigger severe penalties.

On May 11, 2018, the Dutch State Secretary of Finance published a new transfer pricing ("TP") Decree. The new TP Dutch Decree contains changes in light of the amendments to the 2017 OECD Guidelines as a result of the G20/OECD's BEPS plan and specific developments in Dutch case law.

The new Dutch TP Decree has provided information regarding the position of the Dutch tax administration with respect to the application of the arm's-length principle and OECD Guidelines in the Netherlands. The Decree provides a further interpretation of the arm's-length principle where the OECD Guidelines leave scope for interpretation or where there is ambiguity.

In view of the above, you may wonder whether you could answer the following questions:

- Is your company subject to the new regulations endorsing new TP documentation requirements?
- Are you sure that your existing TP documentation is in line with the new TP documentation requirements?
- Is your existing TP model still valid?



HOW CAN RSM HELP?

Our solutions are not only aimed to ensure that our clients are in compliance with the applicable TP legislation but that as well enable the identification of opportunities across the value chain. These opportunities can only be achieved if TP implications from intercompany transactions undertaken across the value chain are analysed before-hand they occur, and if a robust TP system is designed and if it is properly documented and implemented. This will prevent that unnecessary year end TP adjustments are required to be performed, or that the taxpayer is exposed to be in a defensive position, due to the lack of adequate TP documentation upon an audit initiated by the tax authorities.

Furthermore, the need of having an adequate TP documentation is becoming a very important area of attention, as since a couple of years ago TP has been become the main focus of the tax authorities (in most countries) when conducting audits.



Collaborate with you

In order to help you answer the above questions and address any other TP topics, we would be more than happy to have an introductory whiteboarding meeting with you (obviously free of charge). In such whiteboarding meeting, we propose to provide our initial assessment of where your company stands with regard to complying with the new TP rules. Further to that we will identify risks and opportunities and propose immediate actions to ensure that eventual risks are mitigated and/or that the identified opportunities are achieved.

Our approach

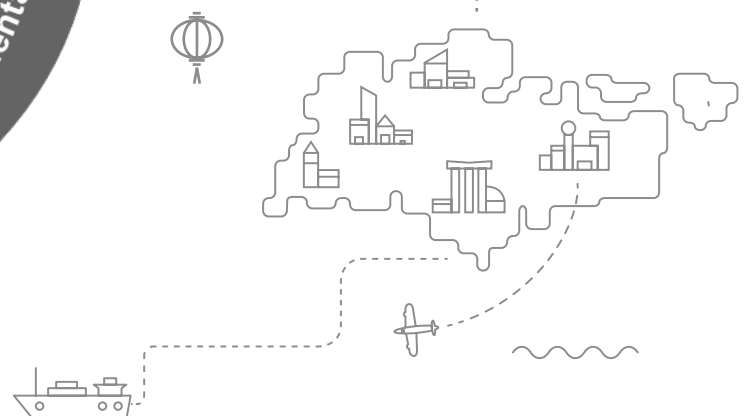
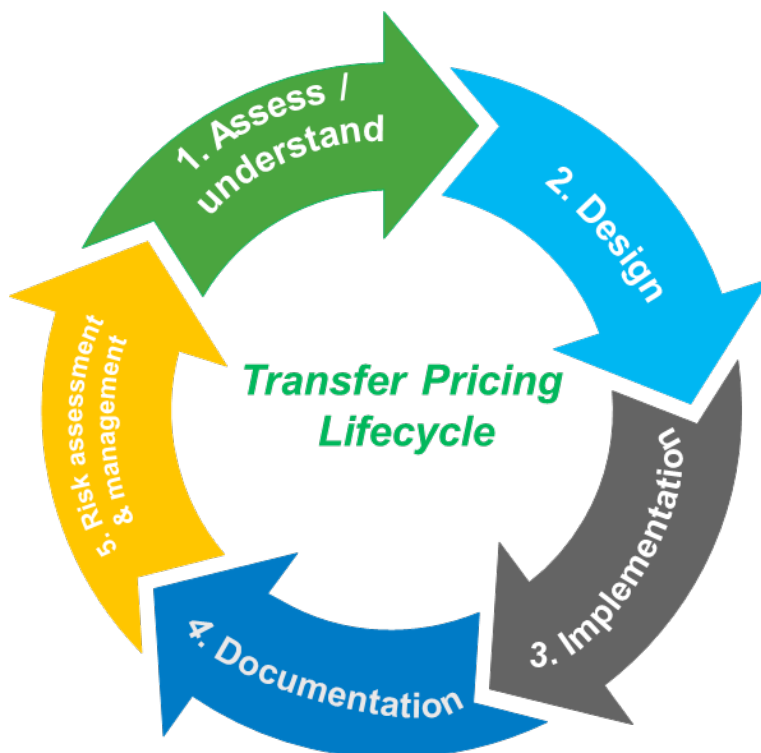
Our approach aims to provide added value to our clients by following an interactive approach strongly focusing on a high level of interaction with our clients.

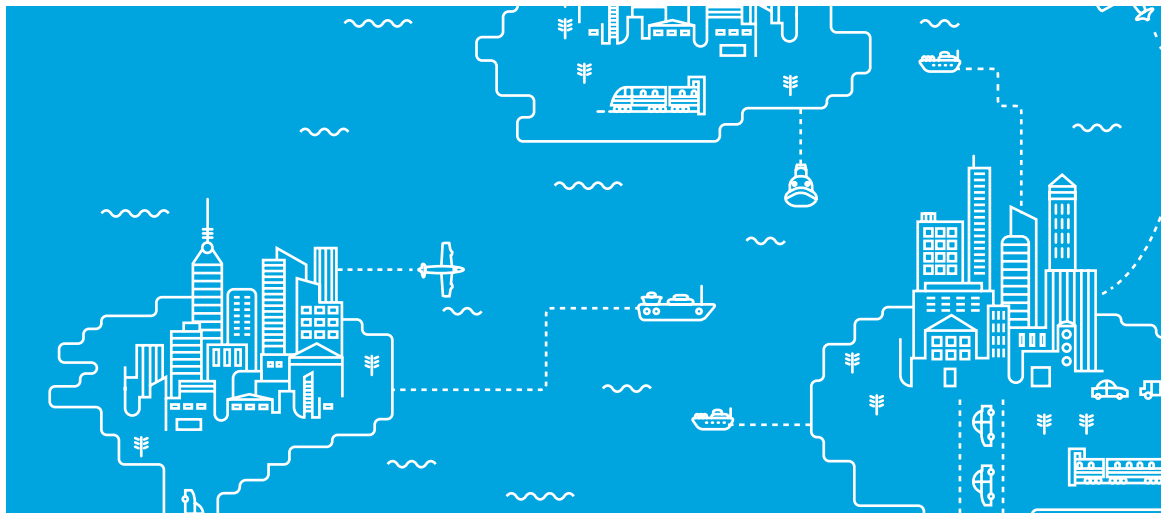


OUR SOLUTIONS

To meet the increasing sophistication of tax authorities with respect to TP regulations and penalties, our specialists provide services in a number of specific areas along the TP lifecycle within a multinational.

The TP lifecycle characterizes where a project fits along a timeline from the assessment of the business model to the eventual interaction with tax authorities. Examples of our services along the TP lifecycle are as follows:





Step 1: Assess/Understand

- Undertaking value chain analysis to identify correlated tax implications, including eventual risks and potential opportunities.
- Performing feasibility analysis of a sustainable tax optimal TP model.

Step 2: Design

- Design of a sustainable tax optimal TP model.

Step 3: Implementation

- Development of a manual to ensure that the transfer prices applied throughout the year can be successfully tested at year-end.
- Draft intercompany agreements.

Step 4: Documentation

- Our solutions are designed to meet the needs of your company to ensure compliance with new TP regulations.
- Depending on specific financial thresholds of the group, this could include the preparation of Masterfile and Local file reports and our assistance for complying with country-by-country reporting obligations.

Step 5: Risk Assessment

- Development of tools and procedures to monitor and manage TP risks.
- Preparing TP defence file for litigation.

Our TP team

RSM brings you a TP team with extensive TP experience. Our TP specialists have a proven knowledge about TP regulations and are well versed with the recent developments in the field of TP. They devote their entire practice to this specialty. This is the result of close co-operation with a large number of large and mid-sized internationally operating companies and of sharing knowledge within the extensive international RSM network of TP specialists.

We would like to hear from you. Please contact us for a free demonstration of our TP services.



FOR FURTHER INFORMATION

For more detailed information and questions, please contact your advisor within one of the RSM-offices:

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