

# A Leader in Transfer Pricing Services

Transfer prices between related parties—and their potential impact on profits reported in different tax jurisdictions have become of increasing interest to international tax authorities in an effort to protect their respective country’s tax base. Many tax authorities require that prices between related parties be documented contemporaneously with the filing of tax returns. Multinational companies that have not complied with the documentation requirements are potentially exposed to significant penalties and double taxation if a tax authority reassesses income as a result of a transfer pricing adjustment. The IRS, in particular, can assign significant penalties for failure to document the “arm’s-length” nature of inter-company transactions properly and timely.

## How Does Transfer Pricing Affect Your Company?

Transfer pricing affects your company and its affiliates if they:

- Exchange goods;
- Develop, own, or share intangible property (e.g., technology and know-how, trade secrets, trademarks, trade names, copyrights);
- Provide or receive services (e.g., managerial, administrative, technical, sales and marketing);
- Extend or borrow inter-company loans; or
- Share in the research and development of intangible property.

## How Can GTS CPAs Help?

GTS approach is multi-disciplinary, practical and efficient. As your professional advisor, GTS develops innovative approaches to complex inter-company transactions that may add value to your business operations

### Planning Ideas

- Intangible holding company structures
- Intangible property valuations and buy-in payments
- Cost-sharing arrangements
- Market-share strategies
- Mergers and acquisitions due diligence services

## Compliance Services

- Documentation studies (global and country-specific)
- Advance pricing agreements
- Inter-company policy and implementation guidelines
- Customized inter-company agreements

## Audit Defense Services

- Tax authority response and negotiations
- Dispute resolutions
- Competent authority submissions
- Litigation support and testimony

## Benchmarking Services

- Financial ratio analysis
- Capital structure analysis
- Effective tax rate analysis
- Royalty rate analysis

## Transfer Pricing Resources

As the U.S. Member Firm of BDO International, BDO Seidman, LLP is part of the 5<sup>th</sup> largest accounting and consulting organization in the world, serving multi-national clients by leveraging a global network of resources comprised of more than 600 member firm offices in 105 countries.

BDO International is a worldwide network of public accounting firms, called BDO Member Firms, serving international clients. Each BDO Member Firm is an independent legal entity in its own country.

This global network of more than 27,000 employees includes experienced transfer pricing economists, international tax professionals and financial analysts in numerous countries to provide your company with global resources and reach. Global Tax Solutions has extensive experience in structuring inbound and outbound transactions, and developing objective transfer pricing strategies in a time- efficient manner. Our goal is to structure transfer pricing policies that are defensible, flexible, and congruent with your company' s overall tax planning, so that you can focus on other global business objectives.

### **Transfer Pricing Planning Ideas**

Transfer pricing may be used to achieve lower tax liabilities, more efficiently utilize tax credits and reduce overall effective tax rates. Some of Global Tax Solutions transfer pricing planning ideas are described below:

- Intangible holding company structures
- Intangible property valuations
- Cost- sharing arrangements
- Market share strategies
- M&A due diligence services

### **Transfer Pricing Compliance Services**

A proactive and prudent company may minimize potential exposure to income reallocations and avoid penalties by complying with transfer pricing documentation requirements. In order to achieve these objectives, a company needs to satisfy three principles:

- (i) Establish arm' s- length transfer prices;
- (ii) Maintain documentation; and
- (iii) Provide documentation when requested by a tax authority.

Descriptions of Global Tax Solutions compliance services are provided below:

- Documentation studies
- Advance pricing agreements
- Inter- company policy and implementation guidelines
- Customized inter- company agreements

### **Audit Defense**

International tax authorities are increasingly challenging inter- company pricing structures. Global Tax Solutions transfer pricing professionals are knowledgeable of current court decisions, audit processes and strategies, and recent settlement practices in various industries and countries. Active support from Global Tax Solutions may strengthen your company' s position to resolve transfer pricing disputes.

#### **Audit defense services include:**

- Tax authority response and negotiations
- Dispute resolutions
- Competent authority submissions
- Litigation support and testimony

#### **Benchmark Measures**

- Financial ratio analysis
- Capital structure analysis
- Effective tax rate analysis
- Royalty rate analysis

#### **For more information on our Transfer Pricing Practice, please contact our Practice Leader:**

Ashraf Khatib, CEO & Managing Director  
Global Tax Solutions  
1934 Old Gallows Road, Suite 350  
Tyson's Corner, VA 22182  
[info@globaltax.solutions](mailto:info@globaltax.solutions)  
(703) 717-5000

To ensure compliance with Treasury Department regulations, we wish to inform you that any tax advice that may be contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax- related penalties under the Internal Revenue Code or applicable state of local tax law provisions or (ii) promoting, marketing or recommending to another party any tax related matters addressed herein.

**Our goal is to structure transfer pricing policies that are defensible, flexible, and congruent with your company's overall tax planning, so that you can focus on other global business objectives**