

Stay in control of your transfer pricing execution

The Transfer
Pricing Cycle®



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Transfer pricing execution draws increasing attention

Conventional approaches fall short

A number of services related to transfer pricing currently exist in the market. Conventionally, these initiatives limit themselves to (variants of) documentation and tax audit defence support. In practice we have seen, however, that documentation in itself is not enough: adequate implementation and continuous monitoring of transfer pricing controls are crucial to a sustainable execution.

The importance of transfer pricing documentation is widely known and generally acknowledged. Proper documentation however does not necessarily mean appropriate execution of transfer pricing in practice. Inadequate execution of transfer pricing, i.e. day-to-day transfer pricing operations that seriously diverge from what was documented, poses equally grave risks: not just tax, but also financial accounting and reputational risks. More and more, (internal and external) stakeholders require the organisation to be demonstrably in control of transfer pricing execution.

Without such monitoring and controls in place, the carefully drafted transfer pricing reports and other documentation may unfortunately result in an inadequate execution. Moreover, executives involved in transfer pricing will agree that changes in business operations tend to undermine the validity of drafted documentation, and that they lack sufficient tools to assess the alignment between documentation and execution.

Our answer:

The Transfer Pricing Cycle®

The Transfer Pricing Cycle® provides a combination of (1) advice and (2) comfort, to make sure that execution of your transfer pricing structure is in alignment with your documentation.

1. **Advice:** recommending the necessary actions to improve the alignment of your transfer pricing execution with its documentation;
2. **Comfort:** providing assurance to (internal and external) stakeholders that transfer pricing execution is aligned with the documentation.

Range of customisable offerings

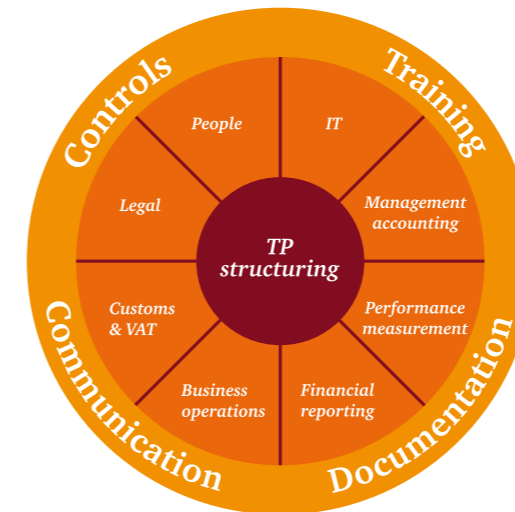
Tailored to the maturity level of your transfer pricing organisation and the nature of the issues encountered, the Transfer Pricing Cycle® features a range of services and deliverables.

They vary from an output assessment that compares your existing transfer pricing documentation to your organisation's day-to-day transfer pricing operations, to in-depth testing of the operational effectiveness of your transfer pricing controls. The full range of approaches and offerings is available at www.pwc.nl/transferpricingcycle.

The result:

demonstrably 'in control'

With the Transfer Pricing Cycle®, your organisation will be demonstrably 'in control' of its transfer pricing execution, with ample evidence for (internal and external) stakeholders to support that statement. Thanks to the Transfer Pricing Cycle®, your company will be able to sustainably mitigate transfer pricing-related tax, financial and reputational risks.



What the Transfer Pricing Cycle® can do for your organisation

The Transfer Pricing Cycle® and/or its components can support your organisation in a number of areas by:

- alleviating the tax director's concern for exposure due to unnoticed changes in business operations that may impact the transfer pricing context;
- providing independent third-party comfort, supporting lighter touch transfer pricing audits;
- providing independent comfort to a wider group of (internal and external) stakeholders;
- quantifying the impact of transfer pricing on the tax position in the statutory accounts.



Let's Talk

Dick de Boer, +31 (0)88 792 73 54, dick.de.boer@nl.pwc.com, or
Petra Robben, +31 (0)88 792 39 21, petra.robbe@nl.pwc.com.

Or visit
www.pwc.nl/transferpricingcycle
for more information.

Fig. 1 Transfer pricing execution impacts various elements of your organisation beyond the tax department. This makes monitoring and control essential for risk mitigation.