The effects of the growth of multinational enterprises and globalization in the past fifty years have been profound, and many multinational enterprises, such as international banks, now operate around the world through branches known as permanent establishments. The taxation of the profits of a multinational enterprise’s business profits to a permanent establishment in a host country for tax purposes.

Michael Kobetsky analyzes the principles for allocating the profits of multinational enterprises to permanent establishments under this article, explaining the shortcomings of the current arm’s length principle for attributing business profits to permanent establishments and considers the alternative method of formulary apportionment for allocating business profits. The book provides a detailed examination of the tax treatment of multinational enterprises and permanent establishments in different jurisdictions.

The book also puts forward policy recommendations to achieve the long-term goals of the EU’s 2020 agenda. This report addresses the practical administration of transfer pricing programmes by tax administrations.

The book covers the following: the arm’s length principle and its ongoing development; allocation of risk and recharacterization; intangibles (both license model and cost contribution arrangements); interest deductions and intangible asset financing; low value-adding services; commissionaire arrangements and low-risk distributors; attribution of profits to permanent establishments; documentation requirements (including Country-by-Country Reporting).

Within these topics, measures to identify the commercial and financial relationships inside multinational enterprises, to accurately delineate actual transactions, as well as guidance on defining risk and its allocation among associated enterprises, are discussed. The first Global Transfer Pricing Conference, sponsored by the WU Institute for Austrian and International Tax Law at WU (Vienna University of Economics and Business), was held in Vienna on 26-27 November 2015.

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determination of an arm’s length remuneration for their cross-border transactions with associated enterprises. Following this original 1979 publication, the OECD Transfer Pricing Guidelines were approved by the OECD Council in their original form on 16th June 2010, after incorporating the latest update for the adoption of the 2010 update of the Model Tax Convention, of a new paragraph 5 of Article 25 dealing with arbitration, and of changes to the Commentary on Article 25 on mutual agreement procedures to resolve cross-border tax disputes. A subsequent edition was released in 2010, in which, Chapters I-III were substantially revised, with new guidance on: the selection of the most appropriate transfer pricing methods; the practical application of the circumstantial test; the determination of the appropriate transfer pricing methods (transactional net margin method and profit split method); and on the performance of comparability analyses.

Furthermore, a new Chapter IX, on the transfer pricing aspects of business restructurings, was added. Consistency changes were made to the rest of the Guidelines. Digitised document – Electronic release on 24/11/2011. Seminar paper from the year 2012 in the subject Business economics – Accounting and Taxes, Rhine-Waal University of Applied Sciences, language: English, abstract: Due to increased globalisation over the last years and enhanced activities of multinational....
Restructurings are a reaction to global competitive pressures and changing market demand. In response to market forces, customs valuation. It will be welcomed by customs administrations charged with examining the acceptability of a customs administrations, and academics with a highly practical analysis of the intersection of transfer pricing and customs valuation. The book concludes with an analysis of the circumstances and conditions under which the introduction of transfer pricing year-end adjustments to the customs value. This second edition discusses new developments in the field, including a chapter on the OECD Transfer Pricing Guidelines alongside their factual context is the aim of this book. Here, law students address Transfer Pricing and Value Creation in sectors as varied as commodities trade, automotive, consumer products, food and beverages, pharmaceuticals and ict. To illustrate, two case studies: Businesses garrett and Value Creation and its effects. Tax and customs administrations and tax payers to the multifaceted nature of transfer pricing. The book will be a catalyst for immense learning of students and young professionals who are at the introductory stage of understanding the nuances of transfer pricing and its practical application. It provides a balanced approach by first detailing the basics of transfer pricing and second proceeding to specific topics that are highly relevant in today’s tax environment. For the purpose of easy understanding, the book is presented in two parts: Part I: General Topics I. Introduction to Transfer Pricing II. Accurate Delineation and Recognition of Actual Transactions: Conclusions. III. Transfer Pricing Methods IV. Transfer Pricing Disputes VI. Administrative Approaches to Resolving Transfer Pricing Disputes VII. Transfer Pricing Documentation: Master File, Country File and Country-by-Country Reporting Part II: Specific Topics VIII. Attribution of Profits to Permanent Establishments IX. Transfer Pricing and Intangibles X. Transfer Pricing and Financial Transactions XI. Transfer Pricing and Intangibles XII. Transfer Pricing, Supply Chain Management and Business Restructurings XIII. Transfer Pricing and Customs Valuation XIV. Transfer Pricing and EU State Aid In analysing the above topics, the work undertaken by the OECD, UN, EU, World Customs Organization, World Bank, International Monetary Fund and other international organizations is considered. Moreover, the book contains several practical examples of judicial precedents and illustrative explanations to complement the understanding. The book will be a catalyst for immense learning of students and young professionals who are at the introductory stage of understanding the nuances of transfer pricing. Further, the book also caters to tax lawyers, in-house tax counsels and academics working in international organizations, the business community and advisory firms as well as government officials interested in understanding transfer pricing. The increased speed and mobility of business activities and cross-border transactions resulting from internet usage has particular implications for applying transfer pricing methods and for taxing business profits. This book presents a two-part look at existing OECD positions on these issues. Issues of transfer pricing have come to the fore in both international tax and customs regimes. In particular, the problem of how to apply the two systems to the same two parties of a MNE group. This well-structured, up-to-date manual, now in second edition, is a problem-solving guide for professionals charged with valuating transactions in their client’s or company’s best interests. Through detailed examination of relevant guidelines, transfer pricing methodologies, and business realities prevailing among multinational enterprises, it offers a cogent and convincing account of how tax and customs transfer pricing regimes may be harmonized. Among other essential elements, the author discusses the following in depth: – the OECD Transfer Pricing Guidelines; – the GATT/WTO Customs Valuation Code (GVC) and other valuation rules in key jurisdictions and regional agreements; – the OECD and UN model tax conventions; – the arm’s length principle; – methods, both traditional and new, of determining whether the parties’ relationship in uncased the price; and – additions to and deductions from the customs value. This second edition discusses new developments in the eld, including a chapter on the renowned transfer pricing case study of the Marlen software licencing corporation (MOCO) - the rat international instruments linking transfer pricing and customs valuation. The book concludes with an analysis of the circumstances and conditions under which the introduction of transfer pricing year-end adjustments to transaction value would be consistent with Article 1 of the GVC. The book will continue to provide practitioners, customs administrations, and academics with a highly practical analysis of transfer pricing and customs valuation. It will be welcomed by customs administrations charged with examining the acceptability of a transaction value xed between related parties and by multinational companies as a truly actionable tool they can use to optimize decision-making as it relates to transfer pricing and customs valuation in a “real world” setting. “Business restructuring is more than the mere change of ownership or corporate structure. Multinational enterprises (MNEs) may be able to retain their profit margins only by undertaking a restructuring. By...
drawing together divergent views, Transfer Pricing and Business Restructurings highlights the main tax issues that arise when business restructurings take place. It provides fundamental information about the drivers of business restructuring and the challenges of multinational transfer pricing under the OECD Guidelines for Action. It considers not only the direct tax issues in business restructuring, but also VAT and customs duties.---Extracted from publisher website on March 30, 2015.
The taxation of multinational corporate groups has become a major concern in the academic and political debate on the future of international taxation. In particular the arm’s length standard for the determination of transfer prices is now under increasing international scrutiny. This book looks at the use of transfer prices for profit shifting and are exploring alternative mechanisms such as formulary apportionments for the allocation of taxing rights. With regard to this topic, this volume is the first to offer a concise analysis of transfer pricing in the international tax arena from an interdisciplinary legal and economic point of view. Fundamentals such as the efficient allocation of resources within multi-unit firms and distortions between different goals of transfer pricing as well as different aspects of it in tax and corporate law, the traditional OECD approach and practical aspects concerning intangibles, capital and risk allocation are covered by outstanding authors.
This publication is a response to the need, often expressed by developing countries, for clearer guidance on the policy and administrative aspects of applying transfer pricing analysis to some of the transactions of multinational enterprises (MNEs) in particular. Such guidance should not only assist policy makers and administrators in dealing with complex transfer pricing issues, but should also assist taxpayers in their dealings with tax administrations. Without an effective response to transfer pricing issues, profits earned in one jurisdiction might appear to be shifted to another jurisdiction. This may have the net effect of minimising tax revenues in a country where economic activity of the MNE takes place, and therefore the ability to finance country’s development. The report contains revisions to the OECD Transfer Pricing Guidelines to align transfer pricing outcomes with value creation. The revised guidance focuses on the following key areas: transfer pricing issues relating to transactions involving intangibles; contractual arrangements, including the contractual allocation of risks and controls of profits, which are not supported by the activities actually carried out; the level of return to funding provided by a capital-rich MNE group member, where that return does not correspond to the level of activity undertaken by the funding company; and other high-risk areas. The report also sets out follow-up work to be carried out on the transactional profit split method which will lead to detailed guidance on the ways in which this method can appropriately be applied to further align transfer pricing outcomes with value creation.
This book provides a concise and pragmatic introduction to transfer pricing. Approaching the subject from an economic and business perspective, the basic concepts are set out without getting bogged down by technical tax rules in a way that is meaningful not only for large corporate enterprises but also small and medium-sized businesses.
"Vikram A. Gosain, JD, CPA, Director of Transfer Pricing General Electric Capital Corporation "This well-written book will be useful both to attorneys new to the practice area and to older hands. It includes very helpful discussions on valuation issues that will be particularly useful for in-house counsel and accountants."

Joseph C. Mandarino, Partner Troutman Sanders, LLP "Feinschreiber and his contributors have cogently explained hundreds of useful facets in the transfer pricing field that have taken other volumes to articulate. The busy professional should consider this book in his or her quest for knowledge in the scintillating tax specialty." Charles L. Crowley, Partner TTS/Custums and International Trade Practice, Ernst & Young, LLP "Transfer Pricing Methods should become a standard text for every owner-managed and mid-cap multinational."

"Enrique MacGregor, Principal-in-Charge, Transfer Pricing Services Grant Thornton LLP "Bob’s vast experience in transfer pricing matters has again been captured between the covers of a book. Thank you, Bob, and your contributing colleagues, for producing another valuable helpmate."

Alan Getz, Vice President and General Manager, Tax Mitsui & Co., Inc. (U.S.A.) "Feinschreiber’s current publication is a practical handbook that presents transfer pricing tools that can assist tax professionals of mid-sized companies to optimize profits, manage cash flows, and moderate taxes in a defensible manner."

Per H. Hasenwinkle, National Practice Leader, Transfer Pricing EDO Seidman, LLP "This report contains revised standards for transfer pricing documentation incorporating a master file, local file, and a template for country-by-country reporting of revenues, profits, taxes paid and certain measures of economic activity. The revised standardised approach and will require taxpayers to articulate consistent transfer pricing positions and will provide tax administrations with useful information to assess transfer pricing and other BEPS risks, make determinations about where audit resources can most effectively be deployed, and, in the event audits are called for, provide information to commence and target audit enquiries. Country-by-country reports will be disseminated through an automatic government-to-government exchange mechanism. The implementation package included in this report sets out guidance to ensure that the reports are provided in a timely manner, that confidentiality is preserved and that the information is used appropriately, by incorporating model legislation and model Competent Authority Agreements forming the basis for government-to-government exchanges of the reports. This paper describes the development of new OECD guidelines on transfer pricing including an inventory of the arguments for and against the various pricing methods. It concludes with a discussion of the role of documentation in transfer pricing. The transactional net margin method was established in the OECD Transfer Pricing Guidelines of 1995 and was included to solve differences between OECD Member Countries, but since many countries have been against the method, there does still exist a risk of double taxation. OECD recommends the transactional net margin method to be used only if none of the traditional methods can be used. OECD Member Countries are encouraged to follow the OECD Transfer Pricing Guidelines when pricing transactions in practice, but they are not legally binding. The purpose of this book is to show whether the transactional net margin method is used as a last resort method in practice and to determine whether the method should hold the status of last resort in the future. The book provides an analysis of the differences between theory and practice and discusses whether the status of TMM should change to one of greater parity with competing practices which can be useful for many companies.

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