

Transfer Pricing

Strategies in examining, structuring, and optimising transfer pricing

Monday 18th & Tuesday 19th, August 2008 Shanghai

A Pre-Course Questionnaire will be forwarded to all participants

Capture market share with Lean manufacturing by learning how to:

- Identifying opportunities to lower effective corporate tax rate through transfer pricing
- Determining transfer pricing methodologies
- Addressing business and industry changes that impact transaction pricing
- Exploring pricing trends and adjusting your pricing to reflect market value in different markets
- Structuring an effective pricing scheme for services and justifying your pricing and mark-ups
- Understanding the legislative framework around transfer pricing and working within the existing guidelines
- Determining the appropriate rate for arms length principle
- Minimising your exposure to scrutiny by getting the latest updates in documentation requirements

GBI training courses are thoroughly researched and structured to provide intense practical training applicable to your organization.

Benefits include:

- Combinations of educational presentations, productive in-lesson assignments and participant collaboration to provide actionable learning
- Strictly limited seats to allow for greater one-on-one interaction with the trainer
- Detailed pre-course questionnaires to allow us to tailor the program to address your individual concerns
- Comprehensive course materials, action plans and check-lists
- Utilisation of the skills, learning, experiences and knowledge of the participants and workshop leader through interactive plenary and small group discussions

“Tax Complexity itself is a kind of tax”

Max Baucus

As government around the globe are emphasising the need and the importance of documentation as well as transfer pricing planning, TP is the key area that has been identified as a critical issue for multinationals.

Testimonials:

“Recognising how critical transfer pricing management is in today’s expanding global organisations, Feinschreiber and a team of renowned executives have provided the definitive guide to this challenging area. At a time when many companies are reviewing documents, policies and procedures, its wonderful to have a concise, clearly written reference work focused on what may be the most critical corporate tax issue.”

**Charles R. Goulding Managing Director, Tax
Cooper Industries, Inc.**

“It is refreshing to find a treatise on transfer pricing that combines practical business considerations, economic theory and a discussion of 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**

“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 & General Manager - Tax
Mitsui & Co. (U.S.A.) Inc.**

“Transfer Pricing Methods is the latest episode in Robert Feinschreiber’s no-nonsense approach to transfer pricing. It should become a standard tool for every owner-managed and midcap multinational.”

**Enrique MacGregor Principal-in-Charge of Transfer Pricing Services
Grant Thornton LLP**

“Feinschreiber’s current publication is a practical handbook that presents transfer pricing tools that can assist tax professionals of mid-sized companies to optimise profits, manage cash flows, and moderate taxes in a defensible manner.”

**Per H. Hasenwinkle National Practice Leader - Transfer Pricing
BDO Seidman, LLP.**

Transfer pricing is becoming a priority issue for examination by tax authorities globally. It is likely that more companies with extensive intra services and cross border transactions will come under scrutiny.

Throughout the training, you will have the chance to focus on transfer pricing policies, documentation, and strategies that can provide your company with ideas on how to minimise and avoid the peril. This training program would examine the various aspects of transfer pricing including the methodologies acceptable to the tax authorities, the trigger factors that give rise to selection for tax investigation and the appropriate response to such scrutiny.

Market Overview

Session 1 Exploring current transfer pricing trends and issues

- Why country development impacts transfer pricing and the reverse
- Delineating between “controlled entities” and “uncontrolled entities” as the transfer pricing threshold.
- Economic interdependence and related party relationships
- Alternative bases for control for determining an affiliated business relationship
- Delineating between same-country relationships and different country relationships from a transfer pricing standpoint
- Differences between free market economies and planned economies in developing transfer pricing structures
- Customs valuation and transfer pricing alternatives
- Analysing country-by-country GNP characteristics in the development of transfer pricing
- Determining when a country can rely on country-wide data
- Techniques for avoiding double taxation

Towards Universal Transfer Pricing Standards: OECD Guidelines

Session 2- The Organisation for Economic Co-operation and Development(I)

- The role of the UN, the OECD, and other multinational organizations
- How the OECD and its membership impact transfer pricing
- Arm’s length principle serves as the basic transfer pricing objective
- Traditional arm’s length pricing – how comparable uncontrolled price, resale price, and cost plus set basic transfer pricing parameters
- Other transfer pricing methods – why the traditional transfer pricing methods are no longer sufficient

Session 3: The Organisation for Economic Co-operation and Development(II)

- Affiliated party relationships – the OECD attempts to catch up to developments in Asia
- How intangible property impacts transfer pricing – technology intangibles and market intangibles
- How services costs impact the transfer pricing structure
- Cost contribution, cost sharing, and buy-in payments in research and development context and other situations
- Avoiding and resolving transfer pricing disputes – advance pricing agreement programs

Session 4: The Organisation for Economic Co-operation and Development(III)

- Documentation – the OECD attempts to catch up with United States rules
- Functional analysis – why the activities that business performs impact transfer pricing
- Arm’s length price range – the role of the interquartile distribution
- Entry into new markets – situations in which a marginal costing transfer pricing approach is viable
- Transactional net margin method and comparable profits methods

Incorporating Transfer Pricing into Tax Planning

Session 5- How treaty networks facilitate transfer pricing

- World-wide income tax jurisdictions versus single country taxation.
- The importance of obtaining a foreign tax credit for activities taking place in other jurisdictions
- Making use of tax treaties
- Differences in model treaties: The OECD model, the U.S. model, the U.N. model
- Specific tax treaty provisions: How do they impact transfer pricing
- Deciding when to use – or avoid - blacklist countries

Pricing Strategy: Applying Pricing Methodologies

Session 6: Determining the most accurate measure of Arm’s Length Price

- Evaluating comparable uncontrolled price:
 - Fungible property and Case study
 - Published data
 - Internet, bid pricing
- Considering Resale price and Case study
- Considering Cost plus and Case study
- Exploring Transactional net margin method
- Exploring Comparable profits method
- Understanding the differences between the transaction net margin method and the comparable profits method
- What are the parameters that fit each alternative?
- Recognizing other transfer pricing alternatives
- Realizing the importance of in-house comparables

Pricing Strategy: Applying Pricing Methodologies

Session 7: Optimising the transfer pricing methods for goods, services and financial transactions

- Inter-quartile range
- Risk analysis
- Contract terms
- Geographic issues, including freight and insurance
- Intangibles
- Management service fees, royalties
- Asset based methods, rate of return

Documentation

Session 8: Clarifying the documentation rules

- What is the contemporaneous documentation standard
- Preserving necessary documentation
- Crime and penalty issues for destroying documents
- Creating and following internal corporate manuals to substantiate compliance with the contemporaneous documentation requirement

Session 9: Foreign-owned businesses

- Role of the Pacific Association of Tax Administrators
- Reporting results to U.S. shareholders - Form 5471
- Reporting requirements for foreign-owned United States corporations - Form 5472
- Applying administrative safe harbors
- Dual responsibilities – tax reporting and transfer pricing
- Responsibilities placed on foreign owners

Exploring transfer pricing in Asia:

- Country-by-Country transfer pricing issues
- Transfer pricing methods used in each country
- Issues in advance transfer pricing agreements
- Transfer pricing audits and penalties
- Documentation requirements

Session 10: China & Korea

Session 11: Vietnam, India & Japan

Session 12: Other South East Asian countries (Indonesia, Malaysia, Singapore, Taiwan, Thailand) & Asian Transfer Pricing Issues in Latin America

About your course trainer

Robert Feinschreiber is an international tax practitioner, an attorney and counselor in Miami. His firm concentrates on international transfer pricing and DISC. Clients include foreign-owned U.S. businesses, U.S. exporters, and U.S. companies facing transfer pricing issues. He has been primarily involved in tax areas include:

- Advocating the adoption of an American production incentive program for more than 30 years. He is now helping U.S. taxpayers claim section 199 domestic production deduction benefits

on documentation and the responsibility of each part to keep transfer pricing records

Mr. Feinschreiber has written more than 100 current articles as well as many books on taxation, including *Foreign Sales Corporations*, *Fundamentals of International Taxation*, *Domestic International Sales Corporations*, *Tax Incentives for U.S. Exports*, *International Tax Planning Today* and *Tax Reporting for Foreign-Owned U.S. Corporations*. With the expertise, he has been quoted as an authority by *Tax Court*, *Business Week*, and *Forbes* and has been a consultant to several foreign governments and was a CPA in Florida.

He is the editor of CCH's *Corporate Business Taxation Monthly*. He was the founding editor of the *International Tax Journal*, and has been the editor of *Export Tax Report* and the United States editor of *Tax Haven* and *Shelter Report*. He was formerly the U.S. correspondent for *Tax News Service*, published by the International Bureau of Fiscal Documentation.

Apart from the above duties, Mr. Feinschreiber has wide experience in lecturing. He has taught accounting at Yale and law at Wayne State University Law School and was the director of the International Tax Institute. Mr. Feinschreiber has lectured at various tax conferences on such topics as foreign sales corporations, DISC, intercompany pricing, Subpart F, foreign tax credit, the research credit, and depreciation. He also has lectured for the American Management Association, International Business Seminars, the International Tax Institute, the World Trade Institute, where he was the Senior International Tax Advisor, CITE, and other organisations.

Current and Prior Clients Include:

- Major international banks
- International airlines
- Conglomerates
- Boat builders
- Renderers
- By-product companies
- Pharmaceuticals
- Chemical companies
- Electronics companies
- Liquor producers
- Automotive manufacturers
- Utilities construction
- Agribusinesses
- Military equipment manufacturers
- Manufacturers of high tech equipment
- Media companies
- Clothing manufacturers
- Heavy equipment manufacturers
- Electrical equipment manufacturers
- Construction equipment manufacturers
- Grain distributors
- Offal products distributors
- Food distributors
- Fast food franchises
- Governments of:
 - The United States
 - Brazil
 - Russia
 - Latvia