

How To Reduce Transfer Pricing Compliance Costs?

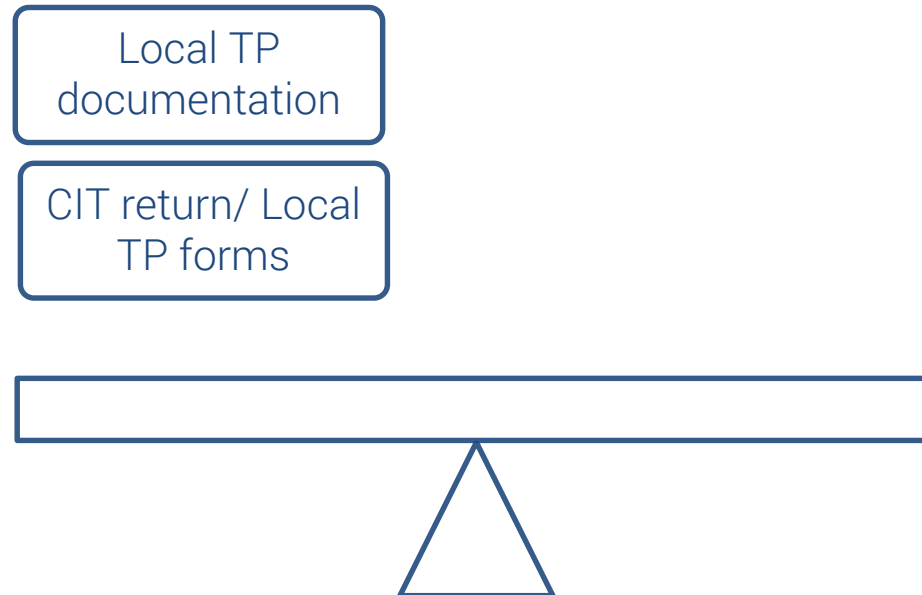
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TPA Global, Amsterdam (The Netherlands)

5 April 2018

Increased work burden

What will the tax inspector receive after the end of financial year?

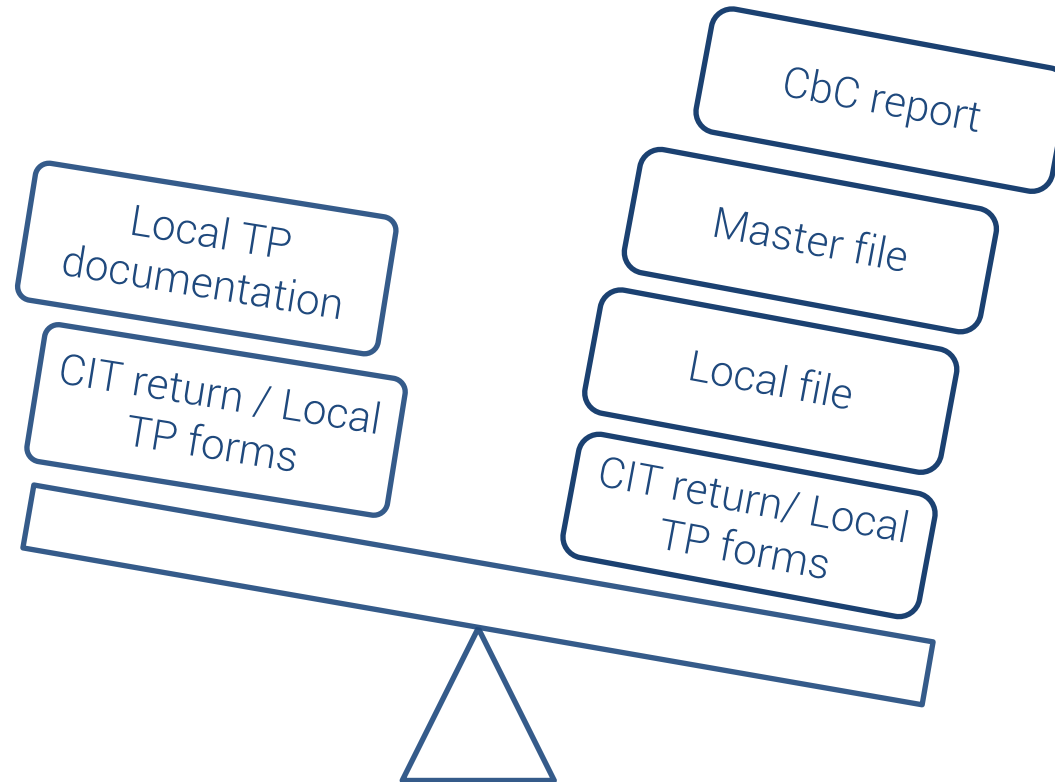
Prior FY2016



Increased work burden

What will the tax inspector receive after the end of financial year?

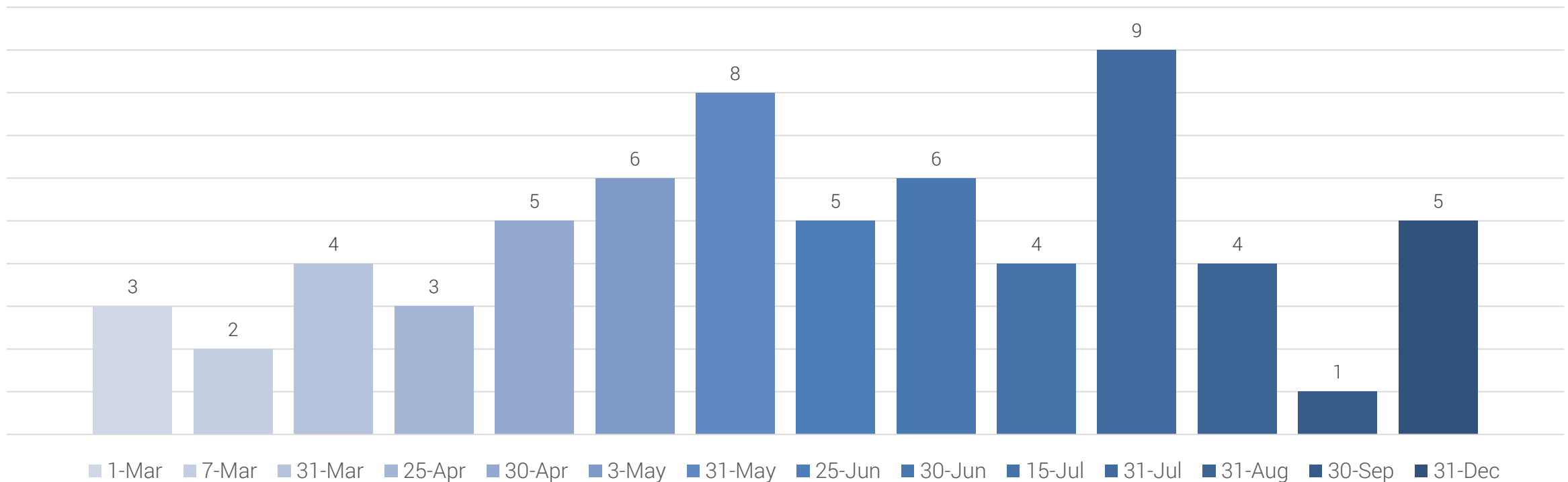
After FY2016



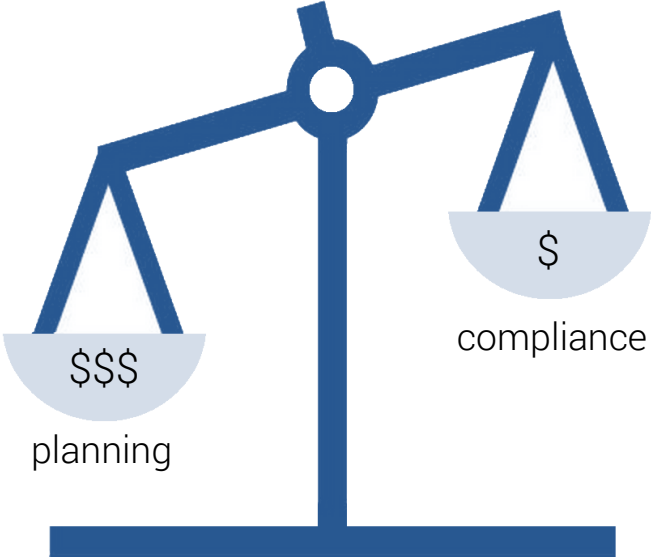
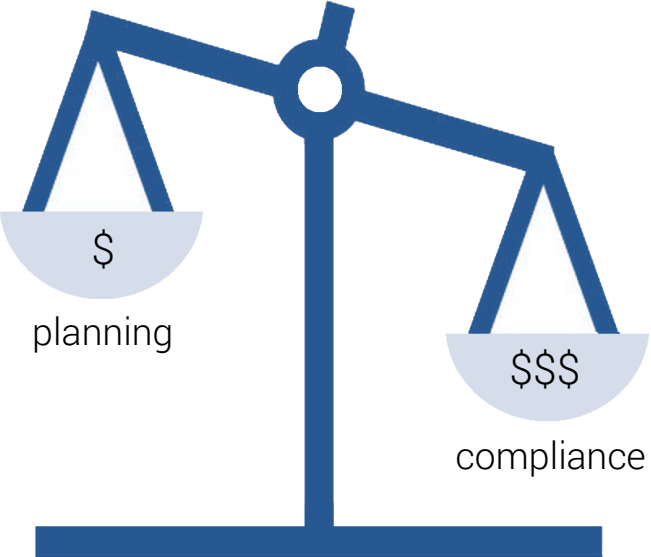
Increased work burden

Local files to be prepared for FY2017:

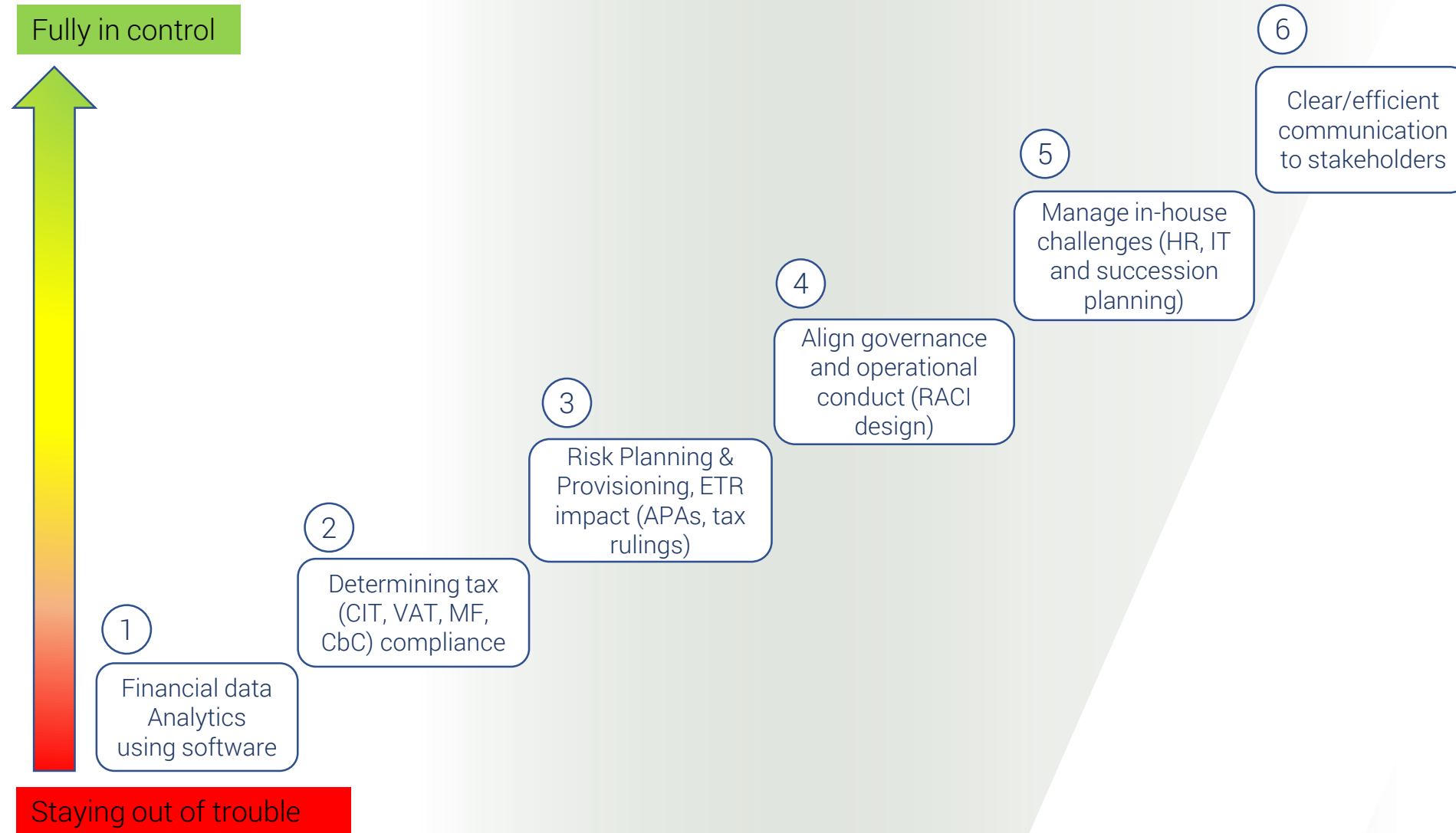
- 19 countries;
- 65 Legal entities.



How to manage the CFO's expectations?

Before	Now
Planning -> Compliance	Compliance -> Risk and opportunity management
Limited automation	Search for process efficiency and automation
<p style="text-align: center;">CFO's perspective</p> 	<p style="text-align: center;">CFO's perspective</p> 
Tax and TP function = profit center	Tax and TP function = "cost center"!?

CFO's journey from 'staying out of trouble' to 'being in control'



Step 1: Synchronisation of financial & tax data analytics

Operational

- Performance Analysis
- Peer Group Analysis

Accounting

- US GAAP / IFRS vs. Tax Accounting

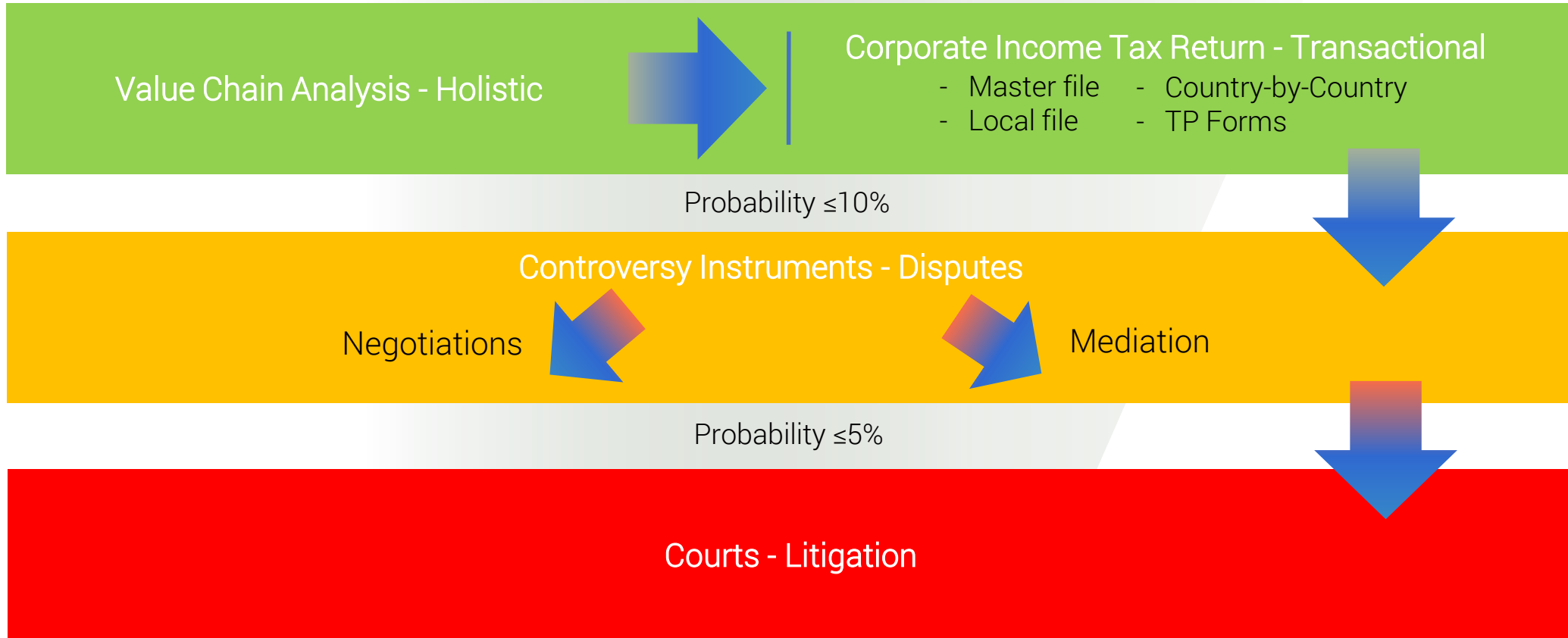
Compliance

- US GAAP / IFRS vs. CBC - Reporting

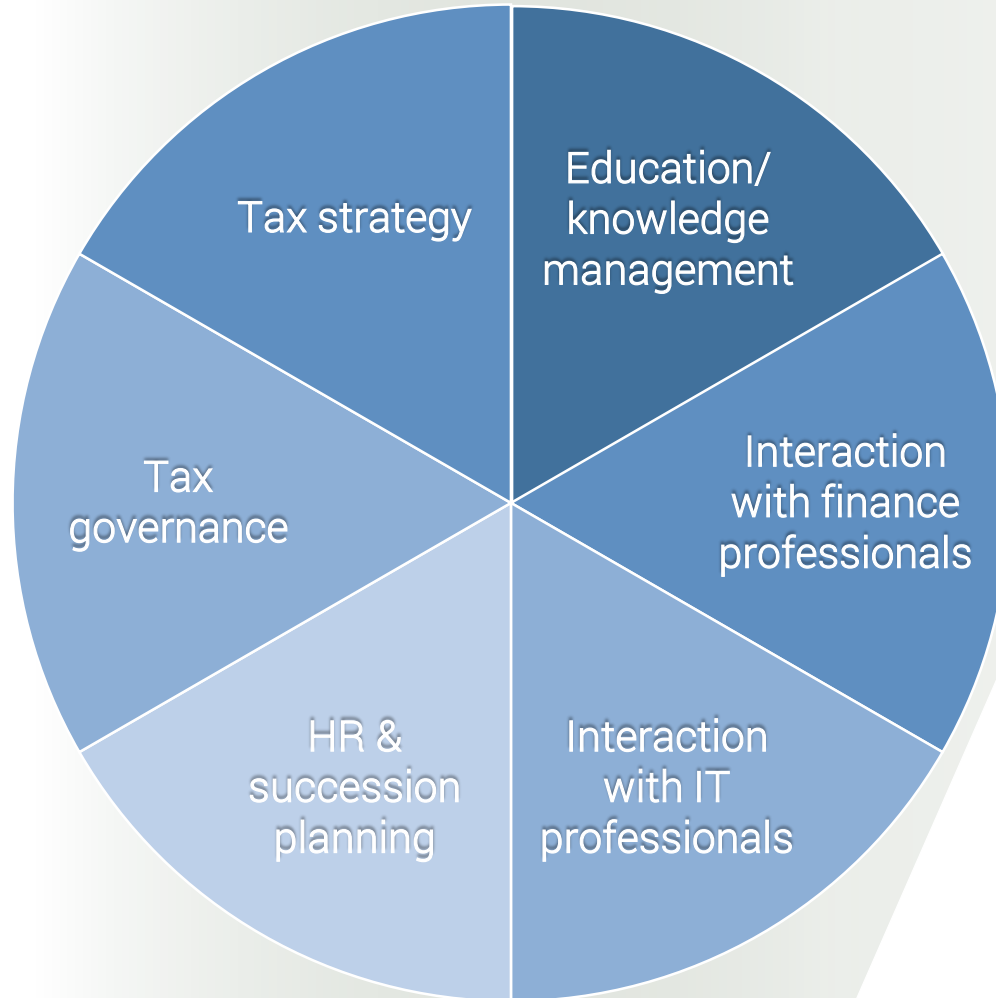
Value Chain Analysis

- VCA vs. Transactional Analysis

Step 2: A global tax/ TP compliance approach



Step 5: Manage your in-house challenges



Tax Control Framework/ RACI Concept

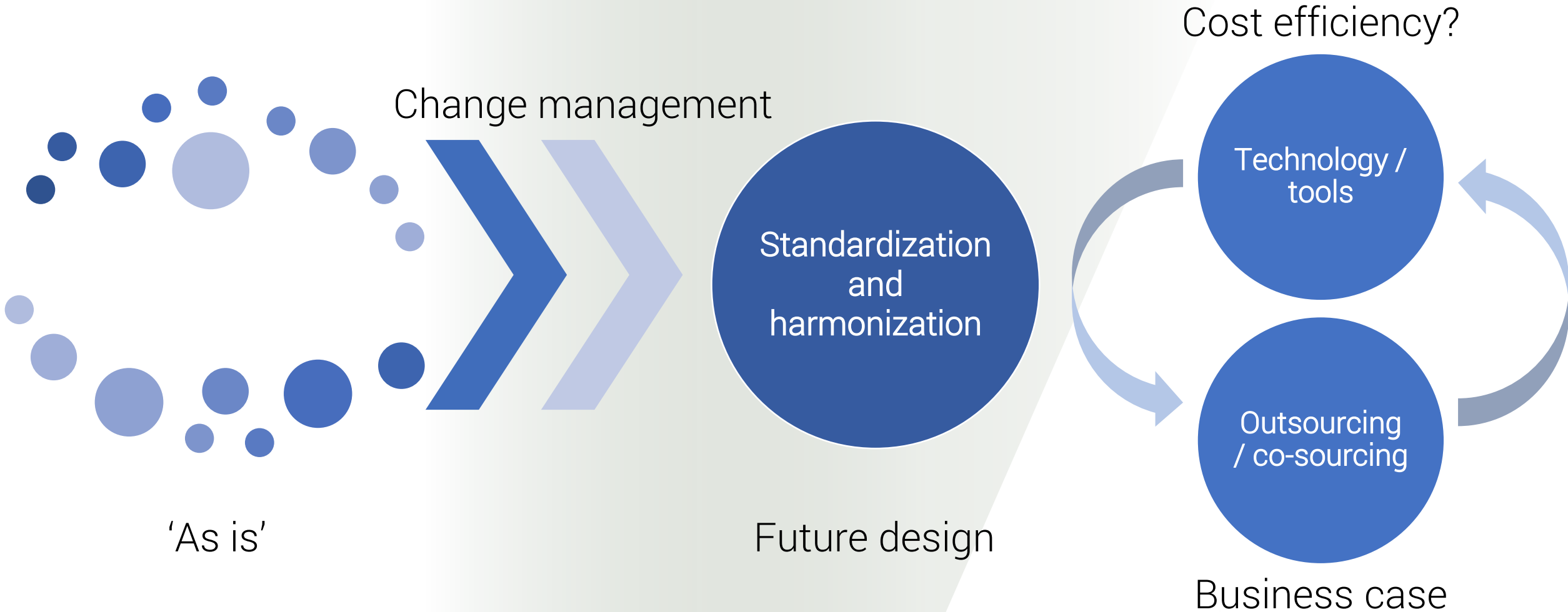


Workflow/Person	Head of Tax	Head of TP	Head of Indirect Tax	Head of Wages Tax	Group Controlling	Group Accounting	Group Legal	Group Treasury	Local Mngt.	Local Finance	Business Team	External Consultants
1. Tax risk management												
2. Tax development												
3. Tax compliance chain												
4. Communication process												

R (Responsible): Person who is assigned to perform part or all of the work, A (Accountable): Person who has the authority to sign off on the work before it is effective (ONLY ONE PERSON!), C (Consulted): Person who provides information or expertise necessary to complete the project, I (Informed): person who needs to be notified of results but need not necessary be consulted.

RACI Matrix

	Head of Tax	Lead TP	Deputy TP	TP Operational	Central finance team	Local tax team	Treasury team	Legal team	Business team
1. Development/ maintenance of TP documentation	I	A	R	R	C	C	-	I	-
2. Consultancy – advisory and implementation	A	R	R	R	C	C	C	I	I
3. Audit support	I	A/R	R	R	R/C	R/C	C	-	-
4. Risk Management	A	R/C	R/C	R/C	R/C	R/C	C	-	-
5. Systems (central data management & retrieval)	I	A	R	R	R/C	C	C	-	-
6. Capacity planning – insource/ outsource	I	A	R	R	R/C	C	-	-	-
7. Global benchmarking platform (outsourced to third parties)	I	A	-	R	R/C	-	-	-	-
8. Sign-off TP documents	I	A	R	R	-	-	-	-	-
9. Legal agreements – set up and implementation	-	C	R	R	I	I	I	A	I



'As is'

Change management

Standardization
and
harmonization

Future design

Cost efficiency?

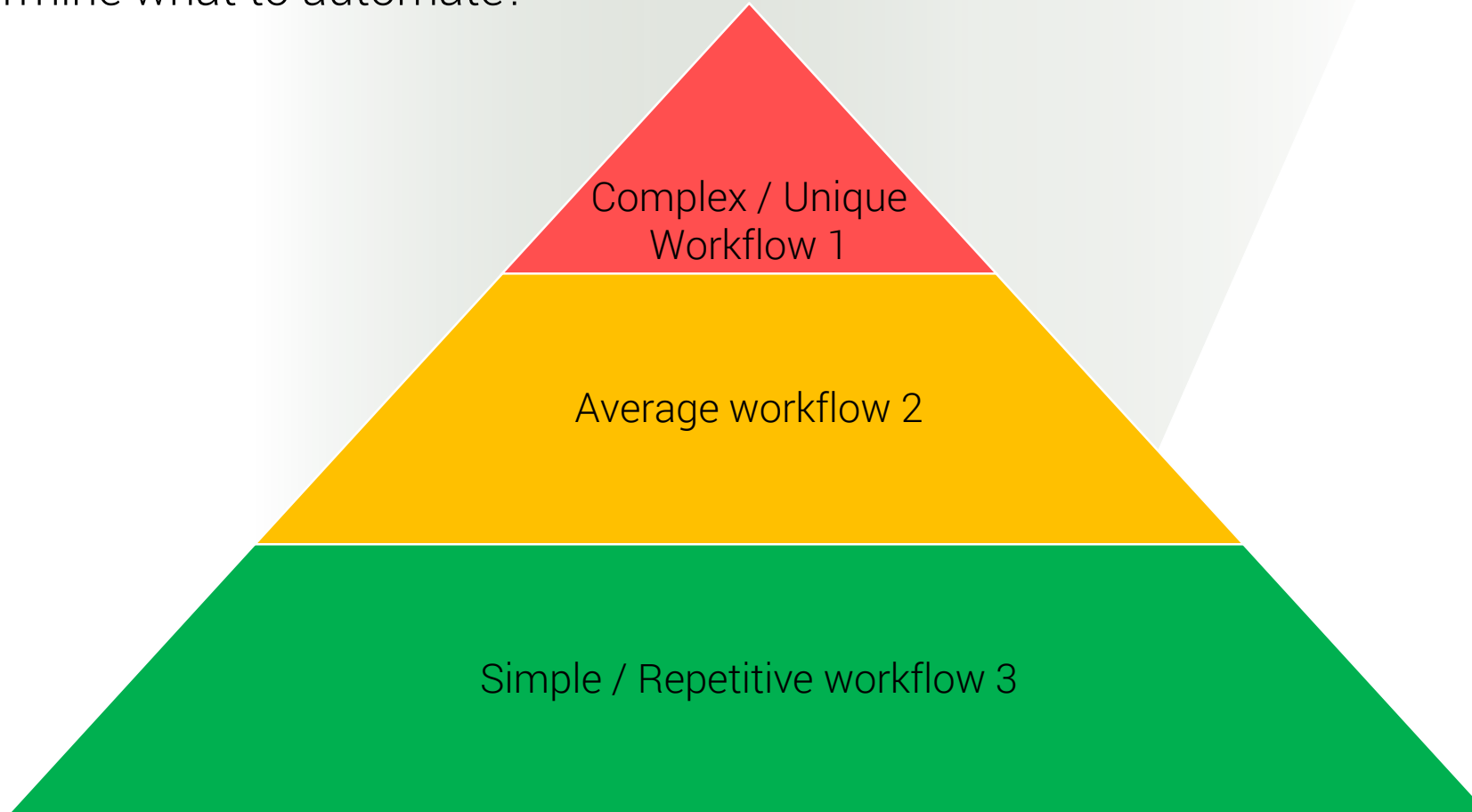
Technology /
tools

Outsourcing
/ co-sourcing

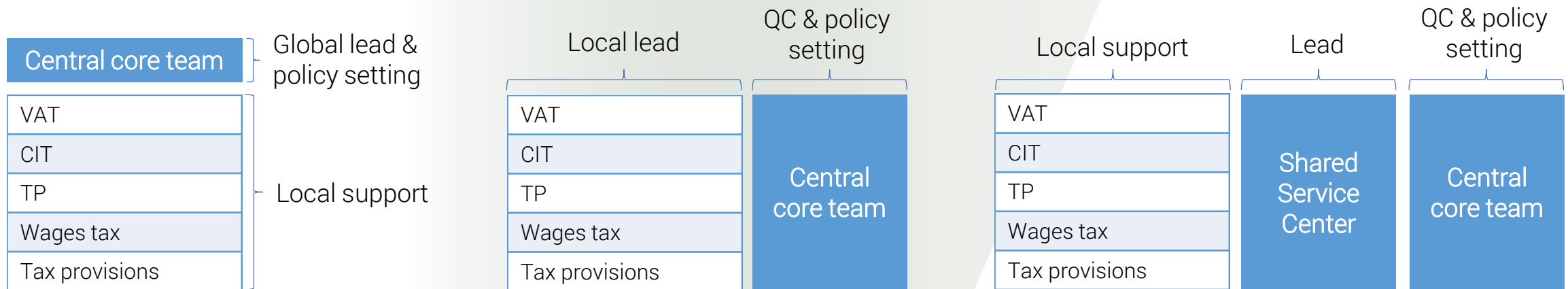
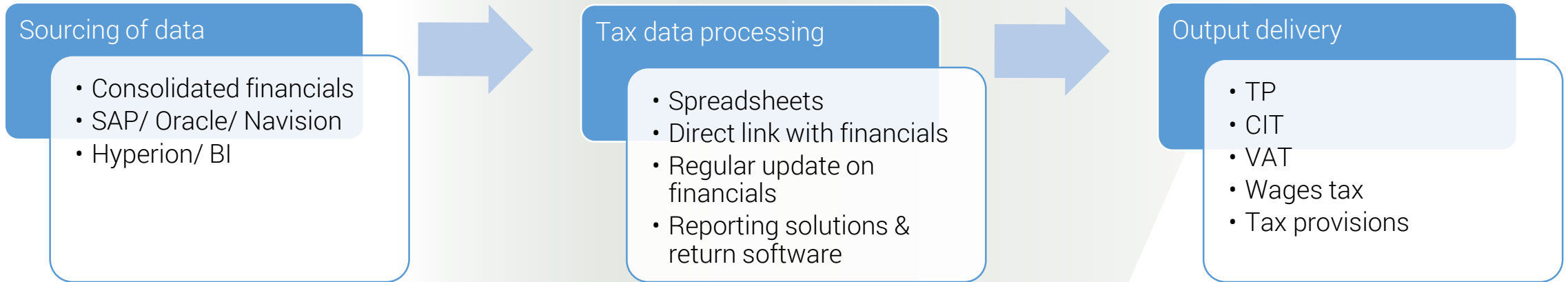
Business case

Workflow selection

How to determine what to automate?



Tax technology organizational models



	Head of Tax	Lead TP	Deputy TP	TP Operational	Central finance team	Local tax team	Treasury team	Legal team	Business team
1. Development / maintenance of TP documentation	U	A	SU	SU	U	U	-	-	-

- **Administrator (A)**

- User management;
- Audit trail management;
- Legal entities information management;
- Document templates management;
- CbC report management;
- Migration of reports and files.

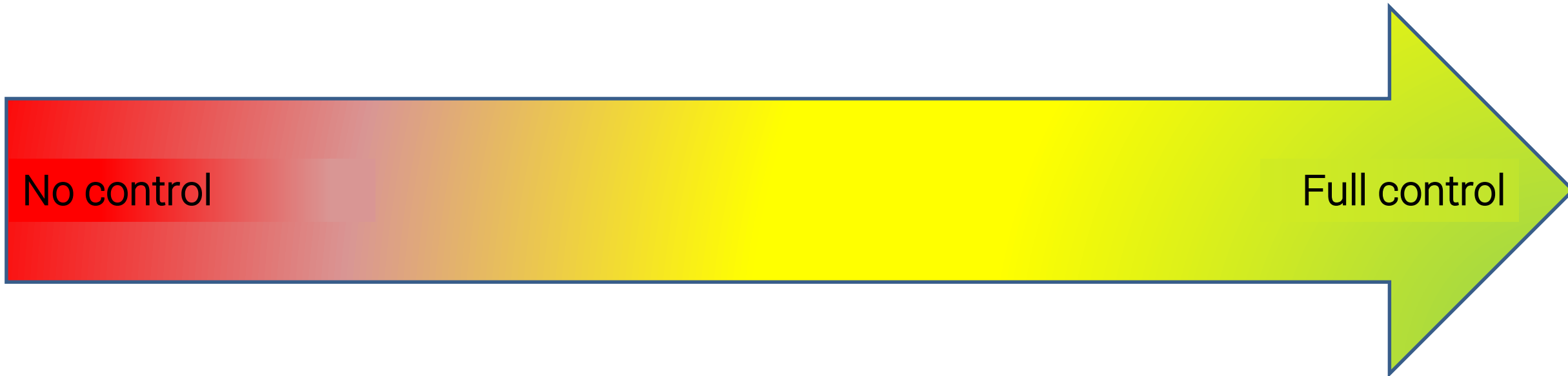
- **Super-user (SU)**

- Edit reports (Master File/ Local Files);
- Edit intercompany transactions (functional and financial analyses);
- Edit economic analyses;
- Upload and download files.

- **User (U)**

- Survey review (Local Files);
- View reports (Master File/ Local Files/CbC);
- Download finalized reports.

Where are you on your tax journey?



TPA Global provides international businesses with integrated and value-added solutions in improving financial performance, operational efficiency, strategic development and talent coaching through a cross-border and cross-discipline team of professionals which identifies the right solutions for customers and targets; efficient and streamlined advisory and implementation processes which cut through operational complexities across functions and borders; and superior customer service and support which proactively anticipate the evolving needs of the clients.

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