



Meijburg & Co  
Tax Lawyers



## How we can help you in the transfer pricing documentation process

Internationally operating companies will have to amend their transfer pricing documentation. For many companies this means significant changes to their current transfer pricing policies and documentation.

On October 5, 2015 the OECD presented its final recommendations on new transfer pricing documentation requirements, including Country-by-Country Reporting and documentation in the Master File / Local File format. Many countries worldwide have already implemented the OECD's recommendations into their national legislation. This means that in many countries the transfer pricing documentation requirements have significantly changed for companies that meet certain thresholds.

### Master File

The most significant new requirements that have to be included in the Master File for the overall group include:

- A description of the supply chain for the five largest products and/ or service offerings in terms of turnover
- A description of the main geographical markets for each of the abovementioned products and/ or service offerings
- A description of important business restructurings, acquisitions or divestitures
- A description of any important transfers of interests in intangibles within the group
- A description of the group's financing structure

### Local File

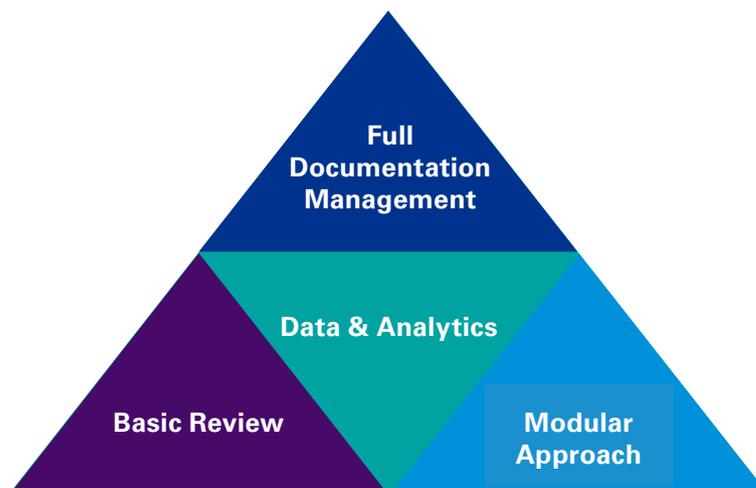
The most significant new requirements that have to be included in the Local File for each country or each group entity include:

- A description of the management structure of the local entity and the individuals to whom local management reports
- A description of important business restructurings that affected the local entity
- Amounts of intra-group payments and receipts for each intercompany transaction involving the local entity
- Information and allocation schedules showing how the financial data used in the transfer pricing methods is applied tied to the annual financial statements

### Country-by-Country Reporting

Country-by-Country Reporting requires internationally operating companies with consolidated revenue exceeding EUR 750 million to present an overview of the global allocation of its income, the taxes paid, and certain indicators of economic activity for each tax jurisdiction where it operates. The following information should therefore be provided to tax authorities along with an overview of all the group entities, their tax jurisdiction and the functions performed by these individual entities:

- Tax jurisdiction
- Revenue, both related and unrelated parties
- Profit before income tax
- Income tax paid on cash basis
- Income tax accrued during the reporting year
- Stated capital
- Accumulated earnings
- Number of employees
- Tangible assets other than cash



**Full Documentation Management**  
 We manage the entire documentation project and ensure that your company complies with all relevant documentation requirements.

**Modular Approach**  
 In close cooperation with your company we determine which documents can be prepared in-house and which documents require our assistance.

**Basic Review**  
 We help you decide how best to structure the documentation to suit your company. Moreover, we can review the documents your company prepared in-house to identify potential risks, shortcomings and "dos and don'ts".

**Data & Analytics**  
 Due to the increased focus on and requests for quantitative information and the requirement to reconcile the transfer pricing policies with the financial accounts, it is essential to obtain accurate and reliable data from your company's systems. For many companies this is a time-consuming and complex process. In order to streamline this process, KPMG has developed various software solutions.  
 One of these solutions is KPMG's Tax Intelligence Solution ("TIS"). KPMG's TIS obtains the required information from your ERP-system(s), so that the process of gathering data is largely automated, while simultaneously analyzing the resulting data. KPMG's TIS can be used in addition to the transfer pricing documentation process and for separate analyses.

**How we can help**  
 In our experience these new requirements significantly increase the administrative burden. To assist your company in complying with the new requirements in a cost-efficient manner, tax advisors of Meijburg & Co and IT specialists of KPMG IT Advisory have developed various solutions and processes. The solutions set out above were designed to allow for flexibility so that we can take into account the transfer pricing documentation, financial information and experience that is already available within your company.

**Contact**  
 For more information about these services, please contact your regular Meijburg & Co/KPMG contact.

**Network and experience**  
 Meijburg & Co has an experienced team of tax professionals who can provide clients with transfer pricing documentation and other related services. Our worldwide network of local professionals, combined with extensive experience with operational transfer pricing has resulted in a global roadmap that considers local requirements, materiality of transactions, etc. This knowledge can be used to design a transfer pricing roadmap specifically tailored to your company, taking into account your company's exposure and materiality of the intercompany transactions.

**meijburg.com**  
**Tax is our business**

The information contained in this publication is of a general nature and does not address the specific circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2017 Meijburg & Co, Tax Lawyers, is an association of limited liability companies under Dutch law, registered under Chamber of Commerce registration number 53753348 and is a member of KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

MB170217