

Alvarez & Marsal Tax UK – Transfer Pricing Services

<https://www.alvarezandmarsal.com/expertise/tax>

A&M Tax provides the full breadth and depth of taxation services across the globe.

We are a leading independent professional services firm, with more than 8,500 employees. We deliver client value around the world, with more than 75 offices in 35 countries. Over four decades, A&M has set the standard for helping organisations tackle complex business issues, boost operating performance and maximise stakeholder value.

At A&M, we are a senior-led firm that can support non-executive directors (NEDs) in navigating this complex area for their companies. We pride ourselves on providing Transfer Pricing support that is tailored to your specific business needs and requirements.

YOUR TRANSFER PRICING TEAM



IMRAN KHAN
MANAGING DIRECTOR
ikhan@alvarezandmarsal.com
+44 (0) 7912 677 478



DAN ZAIDMAN
SENIOR DIRECTOR
dzaidman@alvarezandmarsal.com
+44 (0) 7774 670 728

For more information, please reach out to Imran and Dan

GLOBAL RELEVANCE OF TRANSFER PRICING

Guidelines on Transfer Pricing are provided by the Organisation for Economic Cooperation and Development (“OECD”); many countries around the world either adopt these into local law or have rules which are largely aligned to these.

THE BASIC REQUIREMENT

Transfer Pricing requires cross-border inter-company transactions to be priced on an “arm’s length” basis (i.e. as though the transactions have taken place between two independent third parties bargaining at arm’s length).



Inter-company transactions e.g.,
Sales of Goods, License of IP,
Provision of Services, Financing etc

OBJECTIVES

Putting in place arm’s length transfer pricing arrangements between related parties can help achieve the following objectives:

- Reduce the risk of economic “double taxation”, i.e. the same profits being taxed in two different countries, together with associated interest, penalties, and potential secondary adjustments
- Ensure that the pricing model is implemented such that it is aligned with business operations
- Compliance with Transfer Pricing requirements in multiple countries
- Mitigate the risk of any Transfer Pricing related “price-chips” in the event that the business is sold, i.e. an exit event or IPO
- Tax efficiency

It should be noted that putting in place arm’s length Transfer Pricing between related parties directly impacts the results reported in the individual financials statements of each Group entity.

WHAT WE CAN DO

To help you achieve these objectives, we can support your business in a number of ways, depending on your specific needs and requirements. A non-exhaustive list of the types of work and areas where we can support is set out below.

- Transfer Pricing strawman/feasibility analyses – exploring different operating model and pricing options so that you can make informed decisions
- Transfer Pricing input into inter-company legal agreements, working with your legal counsel
- Preparation of Transfer Pricing reports, i.e. planning reports, local files, master files, memos, policy documents
- Preparation of benchmarking analyses
- Policy implementation guidance, support and review
- Types of transactions covered include sales of good, provision of services, licensing of IP and provision of debt financing

SCENARIOS WHERE TRANSFER PRICING IS RELEVANT

It can be established from the above that Transfer Pricing is relevant where there are two or more connected or related parties, in different countries, in the same Group; or where a Group has people presence in more than one country. However, there are specific scenarios where Transfer Pricing should always be a consideration; these shall form the topics of the various articles in these magazines, and a non-exhaustive list is provided below.

- International expansion
- Business restructurings – e.g. centralisation, decentralisation, supply chain restructuring etc
- Business acquisitions – these may be followed by new related party transactions, cross-selling, IP transfers, restructuring of relevant teams etc.
- Business change – new products, services, IP
- Financing around a Group – being the provision of funding and determining arm’s length quantum and interest rates
- Tax diligence scenarios – ongoing or preparation for future event
- Implementation of Transfer Pricing policies

Other topics we shall consider are more specific to the work that should be undertaken, and these include:

- Transfer Pricing documentation, benchmarking, and legal agreements
- Implementation of Transfer Pricing policies
- Transaction design and feasibility
- Documentation of inter-company financing arrangements