



## Local knowledge — global solutions

RSM International is the sixth largest network of accounting and consulting firms in the world. Founded in 1964, our 70 member firms operate 600 offices across 70 countries. With 20,000 staff, we offer the full spectrum of audit and tax support, along with a range of specialist advisory services.

RSM International's Centres of Excellence are specialist service hubs, offering a one-stop approach to cross-border projects. You can be sure of:

- **Dedicated teamwork** – integrated multi-national teams, working to a coherent brief.
- **Access to global experts** – sectoral and technical specialists, selected from across the RSM International network to meet your specific project requirements.
- **Strategic thinking** – best practice solutions, drawn from RSM's global knowledge-bank.
- **Consistently high standards** – all Centre of Excellence staff are trained to common practices, protocols and ethics.
- **A single point of contact** – a lead partner, whose role is to ensure that you receive the best possible service.

Our global network of transfer pricing professionals strive to understand your business objectives and deliver creative transfer pricing solutions, which support your objectives yet are capable of withstanding revenue authorities' scrutiny or challenge.

Our dedicated teams of tax professionals and economists, based in major business centres of Europe, North America and Asia Pacific, provide seamless service wherever your businesses are. Our multidisciplinary approach ensures that the proposed tax strategies and solutions add maximum value to your business.

## For a strategic approach to transfer pricing, call us

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# RSM International



## Tax effective business solutions

### Four steps to successful transfer pricing strategy



## Transfer pricing – growing concern

Undoubtedly, transfer pricing is one of the most important international tax issues facing multinational corporations, whatever their size.

Over the past decade, transfer pricing has captured the attention of tax authorities worldwide, keen to ensure their fair share of global tax revenues. Back in 1994, just two countries enforced formal transfer pricing rules. Today, it's forty – and rising. For international companies the risk of being challenged on their transfer pricing practices is mounting fast.

## Don't take chances...

Organisations failing to fulfil the required standards risk incurring high financial costs in terms of additional taxes, interest and penalties levied by the tax authorities. Lost management time and the likelihood of greater scrutiny in subsequent years should also be considered.

## ...Create opportunities

At RSM International we treat transfer pricing as an opportunity and not as a threat. We believe that transfer pricing can be a tool that helps you minimise your global tax liabilities, maximise business opportunities and, where appropriate, identify your optimal tax structure. RSM International has developed a **4 Step** transfer pricing review process.

Our **4 Step** process delivers three vital benefits: peace of mind, proof of compliance and an assessment of strategic potential. The results of our **4 Step** review will provide you with:

- minimised risk of double taxation;
- reduction of worldwide effective tax rate;
- enhanced shareholder value; and
- support documentation.

## Our 4 Step process – your transfer pricing solutions

During our **4 Step** transfer pricing review we will evaluate the tax structure of the entire group to ensure that the most tax-efficient model is being pursued. We aim at identifying opportunities to reduce your global tax liabilities.

### Step 1. Understand your business

We perform an in-depth assessment of related-parties and related-party transactions in order to define the products/services transferred. We analyse how each product/service was developed, the parties involved, their business characterisation, the functions performed and the risks assumed by each party.

### Step 2. Identify best transfer pricing method

Not all transfer pricing methodologies work for all companies. Based on our understanding of your business model we select the most appropriate method for your company's related party transactions to test their arm's length nature.

### Step 3. Determine arm's length pricing ranges

Using the transfer pricing method identified as most suitable for your company we determine the arms length price ranges. We test the company's current position within such price ranges and make recommendations on any necessary modifications. During this exercise we take full account of your business objectives.

### Step 4. Document results

Once the arm's length pricing range has been quantified and the company's position is tested within this range, we prepare a report in order to document the review process undertaken and the conclusions reached. This report would be used to defend your position if challenged by tax authorities. The final report will:

- Confirm the propriety of your company's transfer pricing methodology;
- Deliver the up-to-date documentation required by tax authorities;
- Minimise the risk of double taxation and tax audit adjustments;
- Identify new opportunities and recommend new solutions for global tax minimization.

## Creating value for our clients

Over the past ten years, RSM International member firms have conducted more than 150 transfer pricing projects for clients worldwide across a full range of business sectors and industries. We have an extensive track record of successful dealings with local tax authorities involving transfer pricing audits of multinational clients with related party dealings.

For example, we have:

- Conducted a global Transfer Pricing Review for a software developer to comply with documentation requirements in the United States, Australia and the United Kingdom. By evaluating their financial position on a global basis, we were able to reduce their worldwide tax bill by US \$4m.
- Managed a Transfer Pricing Review for the Australian subsidiary of a multinational engine manufacturer and distributor
- Conducted a global risk assessment of transfer pricing adjustments across Europe and North America for a newly-acquired subsidiary of a United Kingdom publicly traded parent company
- Conducted a global Transfer Pricing Review for a major United States sunglass manufacturer with subsidiaries in Canada, Australia, and Germany
- Analysed the formal requirements, legal and tax impacts arising from the establishment of a Spanish distributor.
- Successfully completed several Advanced Pricing Agreements with the Internal Revenue Service in the United States.