



Transfer Pricing Software Solutions

Your bridge to worldwide transfer pricing services

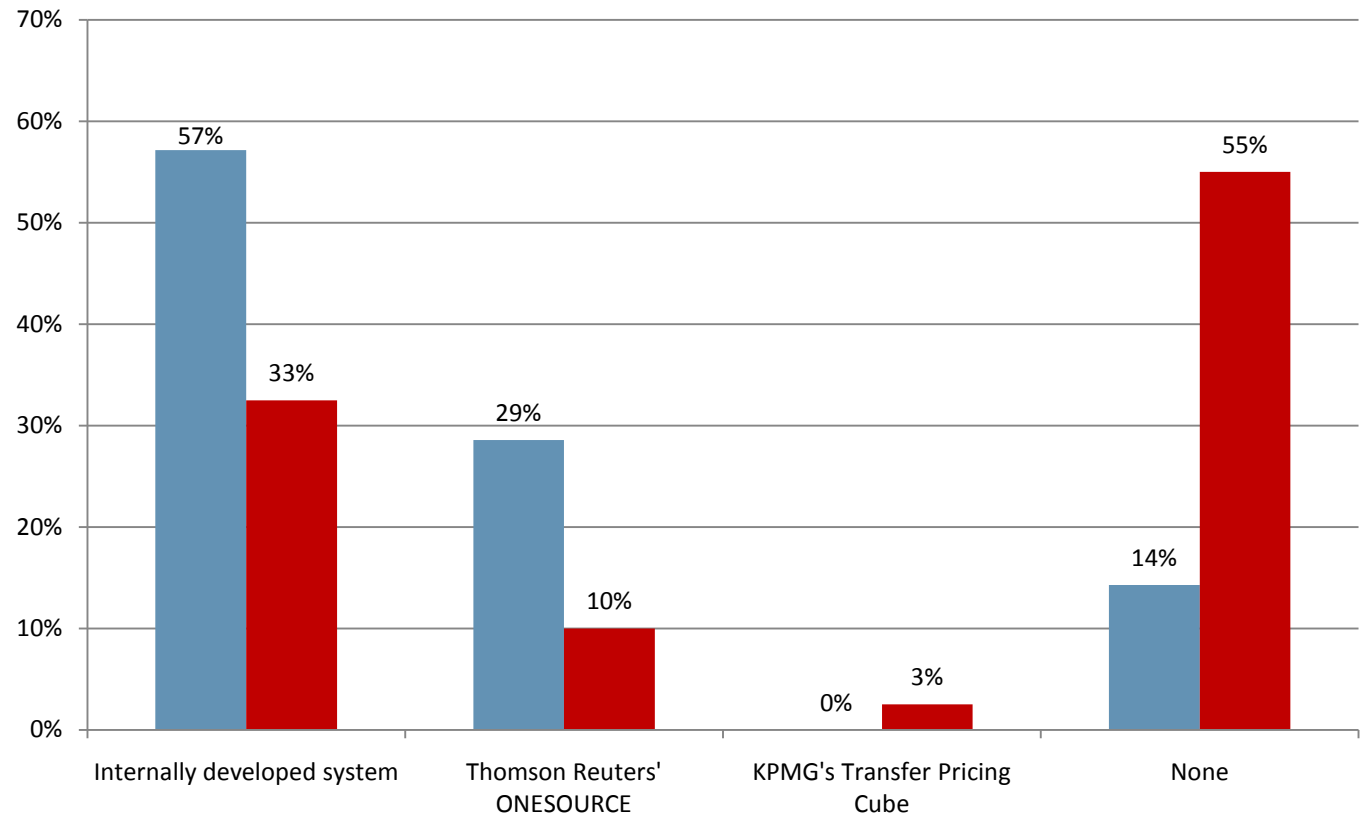
- **How to get from global TP control framework to your own configuration of software tools?**
- **A centralized configuration**
- **A local configuration**
- **What software is available**
- **Criteria to select TP software**
- **Recommendations and conclusions.**

- **Types of transfer pricing reference materials are required in-house**
- **The use of templates for activities such as data gathering, report writing, etc.**
- **The use of external consultants**
- **Their experience with transfer pricing software packages**
- **Design and management of their transfer pricing system between headquarters and their affiliates**
- **The approach of documentation within their group (i.e. use of the masterfile concept) and the support required**
- **How economic analysis and benchmarking is approached within their organisation**
- **The existence of risk management framework within their organisation and how it is administered**

Nearly all **Elites** have technology to support their transfer pricing, with more than half having built their own systems.

Over half of **Emerging** currently function without use of any transfer pricing-specific technology.

TP Tech



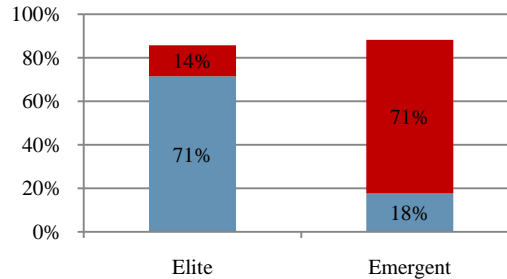
Elites' Technology Delivers More Power

Elites' homegrown systems may explain part of the much greater strength on core functions compared to Emerging.

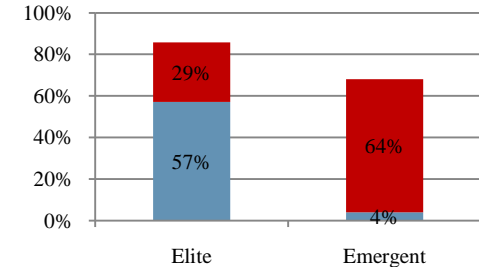
Effectiveness for both groups however drops in quality across data extraction, and tracking filings as well as documentation.



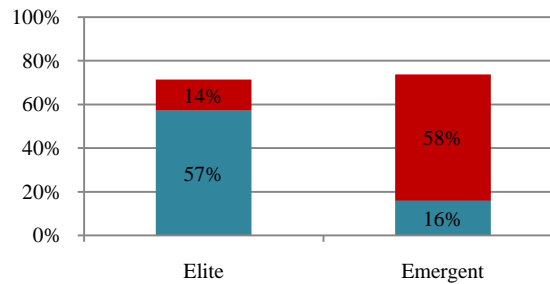
Document Preparation



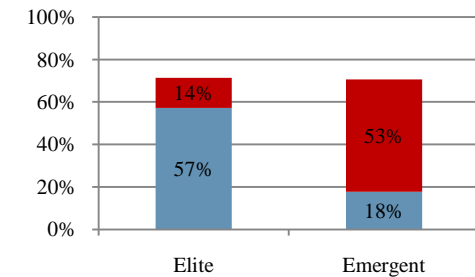
Data Analysis



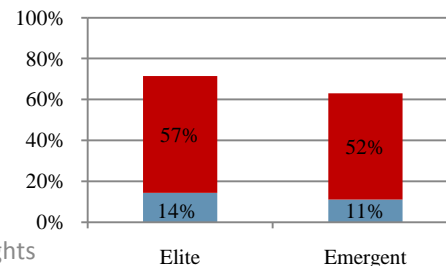
Identifying Comparables



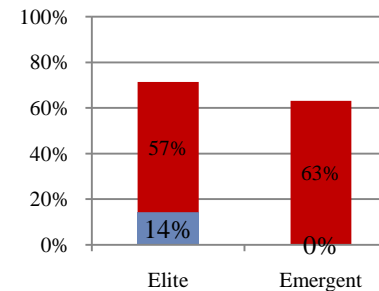
Benchmarking



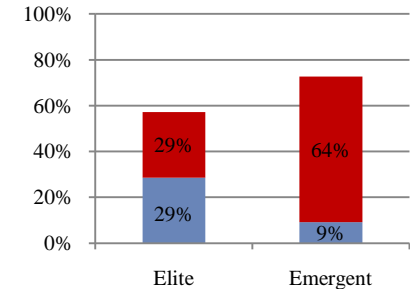
Data Extraction



Tracking Filings



Documentation Tracking



	Central tax	Decentral
Compliance	√	-
Planning	√	-
Advisory	√	√
Audit/Defense	√	√
Risk /Controls	√ (?)	-
Technology		
• Availability	√ (?)	-
• Usage	√ (?)	-

Staffing

- # FTEs on average 1- 5
- No /limited use of part-timers

	Central tax	Decentral
Compliance	-	√
Planning	√	√
Advisory	-	√
Audit defense	-	√
Risk / Controls	√	√
Technology		
• Availability	-	√ (?)
• Usage	-	√ (?)

Staffing

- # FTEs on average < 2 FTEs
- High reliance on part-timers

• **Needs: A centralized configuration available**

	Thomson Reuters – one source	PebbleAge	GTP	Vantage (release mid 2011)
TP Design / Planning	-	V (financials)	-	V
TP Documentation	W (standards)	V(financials)	W (flexible)	W (flexible)
TP Benchmarking	W	-	V	-
TP Implementation / financials	-	W	W	-
TP Controversy	-	V	-	V
Workflows embedded	-	V	-	V
Training/e-learning	-	-	-	V
Software compatibility	V	W	V	V
Type/level cost	[upon request]	[upon request]	[upon request]	[upon request]
Installed base	>300	<5	<10	-

Legend: - not available C under construction V partially W fully

- Other propositions:**
- KPMG's TP Cube + Interpreter
 - TP Catalysts (BvD) (www.bvdinfo.com)
 - Transfer Pricing Genie (www.tp-genie.com)
 - Transfer Pricing Architect (www.corptax.com)
 - Kamakura Corporation (www.kamakuraco.com)

- **How does your short term TP software ambition look like**
 - a. Get global TP documentation automated
 - b. Get local TP documentation automated
 - c. Get global TP risk management automated
 - d. Get local TP risk management automated
 - e. Other, please specify
- **How does your medium/long term TP software ambition look like**
 - a. A structured 2-5 years plan to build & implement software with all relevant functionality
 - b. A global software shared service centre for tax and/or transfer pricing
 - c. A software plan for TP documentation
 - d. A software plan for TP design, documentation, implementation and/or defense strategy
 - e. A software plan for tax and TP provisionary
 - f. Other, please specify
- **Rank your top 5 most important criteria**
 - a. Cost threshold
 - b. # of FTE/TP knowledge workers
 - c. Amount of compliance savings to be accomplished
 - d. Amount of TP risk mitigation to be accomplished
 - e. Adequate global project and document management
 - f. Other, please specify

- **Define TP software plan with**
 - a. defined functionality (“must have” vs. “nice to have”) (see Appendix I)
 - b. Planned configuration of TP knowledge workers
 - c. Clear financials: “benefit / cost” analysis
 - d. Critical timeline determined
- **Complexities of TP risk management**
- **Use “best practices” from relevant peer group(s)**
- **Deal with internal and external communications**
- **1 platform approach (insofar feasible)**

Q & A



About Transfer Pricing Associates

Transfer Pricing Associates is the leading independent provider of global transfer pricing and valuation services and part of the Transfer Pricing Associates Global group. The Transfer Pricing Associates Global group is an independent and specialist provider of expert transfer pricing, tax valuation and customs services, headquartered in Amsterdam and with our own offices and coverage in over 25 countries around the world.

Transfer Pricing Associates provides high quality transfer pricing advice and assistance to multinationals of all sizes, wherever they are located. For more details of our innovative services, please visit our website at

www.tpa-global.com

Appendix I

Input variables variable fixed

A - TP design

- Connect management accounting TP/tax TP/legal TP
- Scenario mapping
- TP and business model alignment
- TP and ERP alignment
- “Economic reality = statutory/tax reality = legal reality” alignment

Purpose & scope of software (i.e. Software used in one of the following processes)

B - TP documentation

- Global document
- Regional document
- Country document
- Transaction specific

C - TP benchmarking (3rd party comparables)

- **Margin based**
 - ✓ Global data
 - ✓ Regional data
 - ✓ Country data
- **Price based**
 - ✓ CUP on commodities
 - ✓ Royalty /License/franchise
 - ✓ Loan
 - ✓ Guarantees
 - ✓ Factoring
- **Commission based**
 - ✓ Purchase
 - ✓ Sales
 - ✓ Brokerage

D – TP implementation

- Extract 'price setting' data
- Compare 'price setting' data
- Align 'price setting' data (e.g. year end adjustments)
- Intercompany agreements
- VAT/accounting/treasury manuals

E – TP controversy

- Conflict avoidance through pre-audits
- Conflict avoidance through APAs
- Conflict resolution through audits
- Conflict resolution through APAs
- Risk management – quality of documentation
- Risk management – testing of arm's length norm
- Risk management – Fin 48/tax provisioning

F - Does software provides designated and/or customized workflow process

- To collect TP relevant data/information from own organization
- To collect TP relevant data/information from external sources
- To analysis/select/ cleanse TP relevant data/information collected in order to prepare TP documentation
- To analysis/select/cleanse TP relevant data/information collected, in order design, implement and/or defend a TP system
- To arrange proper document management and maintenance
- To convert global regional TP documentation into country specific TP documentation
- To compare 'at arm's length' norm per type of I/C transaction with appropriate 'date set' of tested party /tested transaction
- To convert TP relevant data/information/documents into fact specific intercompany legal agreements

G - Detailed user and technical manuals (hard copy + pop-ups) inclusive

- Training or e-learning for basic level TP knowledge workers embedded (< 2 years of experience)
- Training or e-learning for advanced level TP knowledge workers embedded (between 2-5 years of experience)
- Training or e-learning for professional level TP knowledge workers embedded (> 5 years of experience)
- Library with government documents/links inclusive
- Library with TP practitioners documents/links inclusive easy to use software inclusive
- Smart report writer inclusive
- Smart browser options inclusive
- Smart spreadsheet options inclusive
- Smart folder structures inclusive

Does software tool allow you to interact (in automated manner) with:

H

I. Other IT platforms:

- SAP
- Oracle
- Hyperion
- Navision
- Java
- SharePoint
- SQL
- Exchange server (email)

II. Other data/information sources presented in format

- Word/Excel/PowerPoint
- PDF
- Uploading/downloading options

III. Geographically spread TP knowledge workers through

- E-mail
- Intranet
- Extranet
- Other web-based tools