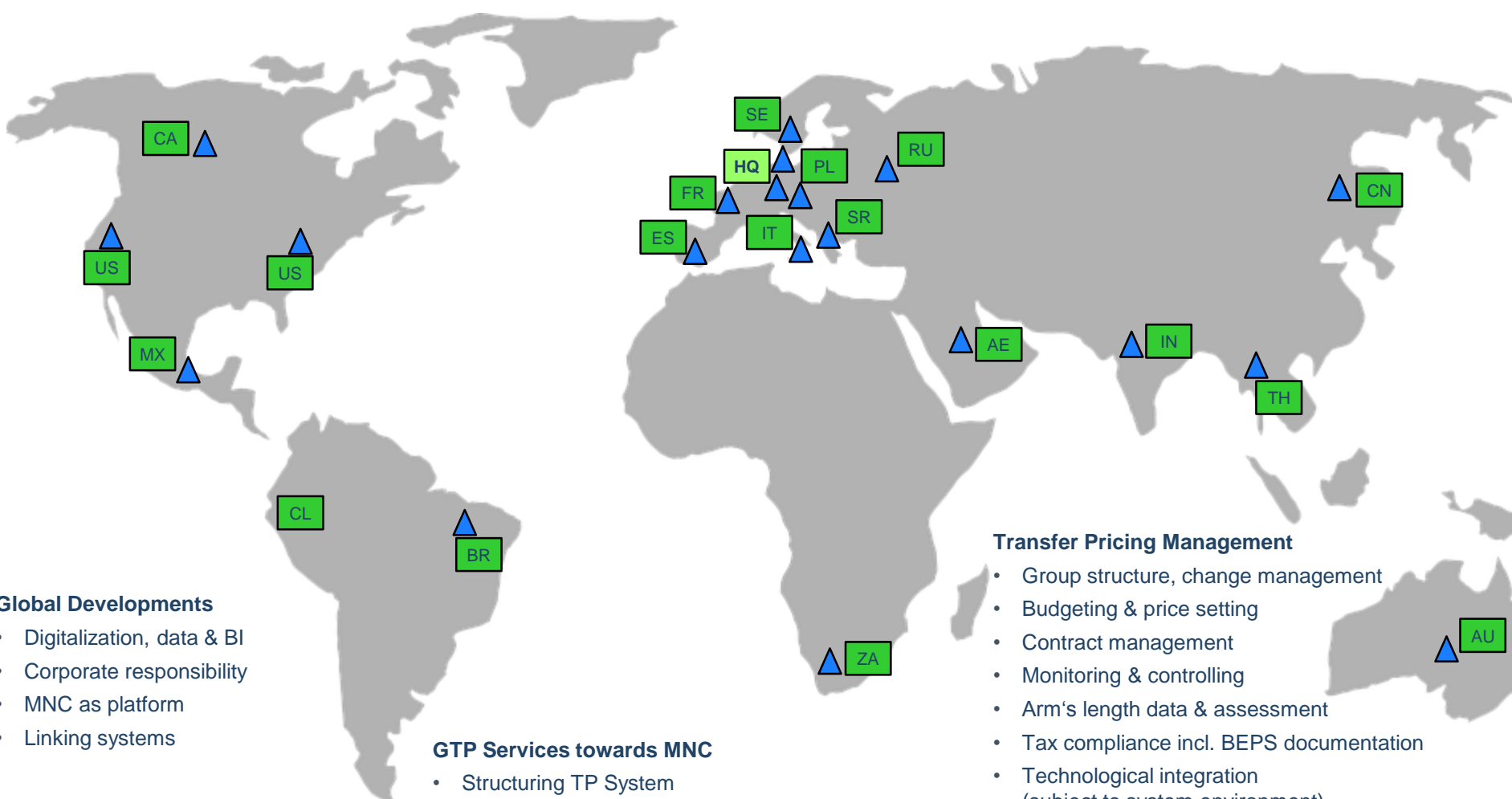# GTP® GlobalTransferPricing
Business Solutions

Transfer Pricing Management in Multinationals
Concepts | Cooperation | Team | Support | Implementation | IT Applications

2018 | GTP® | Dr. Markus Brem

The Multinational Group, Transfer Pricing & GTP Services

Global Developments

- Digitalization, data & BI
- Corporate responsibility
- MNC as platform
- Linking systems

GTP Services towards MNC

- Structuring TP System
- Tax risk identification, compliance management
- Benchmarking & Arm's Length Assessment
- Masterfile, Local File, CbCR
- Local review, local filing

Transfer Pricing Management

- Group structure, change management
- Budgeting & price setting
- Contract management
- Monitoring & controlling
- Arm's length data & assessment
- Tax compliance incl. BEPS documentation
- Technological integration (subject to system environment)

Legend:

SE — Taxpayer unit

▲ — Tax Consultant Network

Who we are and how we are connected?

GTP World-Wide-Connected

Managing Transfer Pricing Projects

- Service & solution specialist on cross-border transfer pricing and income allocation
- Expert team with 18 years of experience
    - Business economists
    - Transfer pricing, legal, tax, compliance
    - Cross-industry
- Networked with
    - Intl.' tax specialists around the globe
    - Analytics and BI experts
    - IT implementation teams
- Customer base
    - All types of multinationals (small, mid-sized, large)
    - Transfer pricing projects in 186 multinational groups
    - Partnering with tax consulting units around the globe
    - National and international organizations and administrations
- Project types
    - Structuring global transfer pricing systems
      (price setting, arm's length analysis, arm's length information, documentation)
    - Stand-alone benchmarks
    - Benchmarks including arm's length assessment
    - Group-wide documentation, legal entity documentation, BEPS approach
   - Valuation and value chain calculations

Dr. Markus Brem
Managing Director

GTP®
Solutions

… *insight transfer pricing*

- Transfer Pricing Management

- Transfer pricing: (I) price setting, (II) AL testing models, (III) AL information

- GTP® MANAGER: concept and modes of implementation

- Implementation packages tailored individual project cases

- Implementation process and ressources delivered

- Add-on information on the GTP® MANAGER

- Compliance Management

AGENDA

Transfer Pricing Management: Objectives
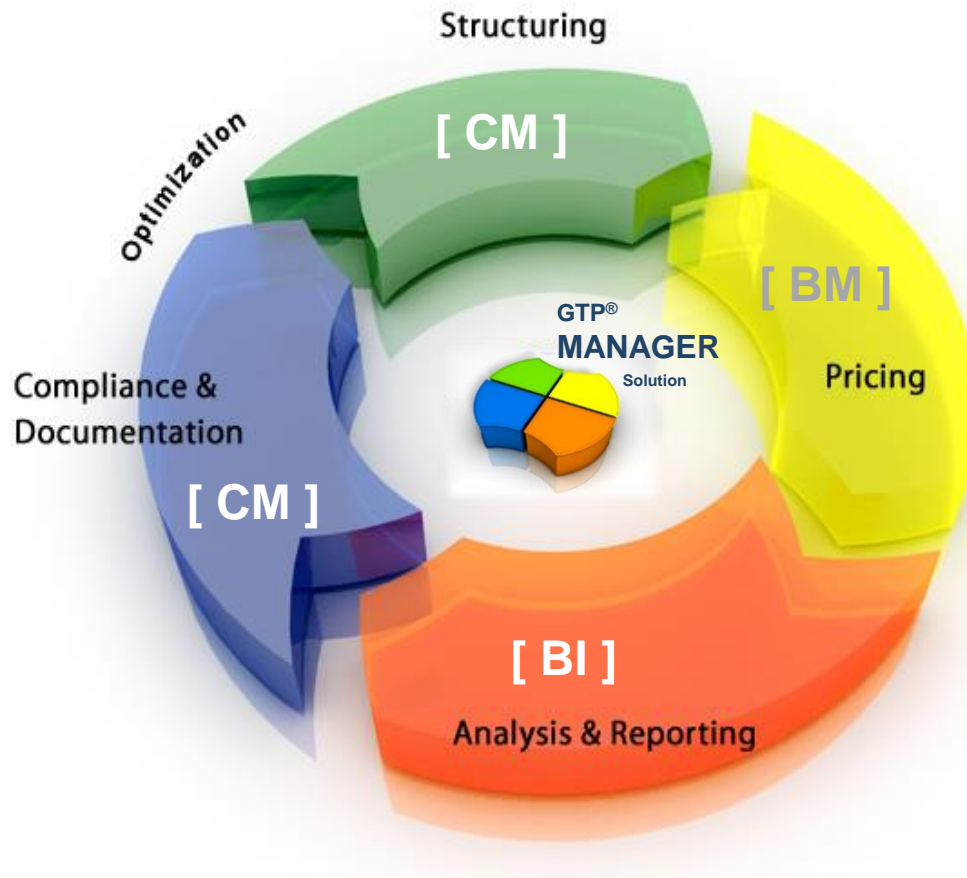
Structuring & Transfer Pricing Guidelines

- Transactions, function & risk allocation
- Price setting models, arm's length test models
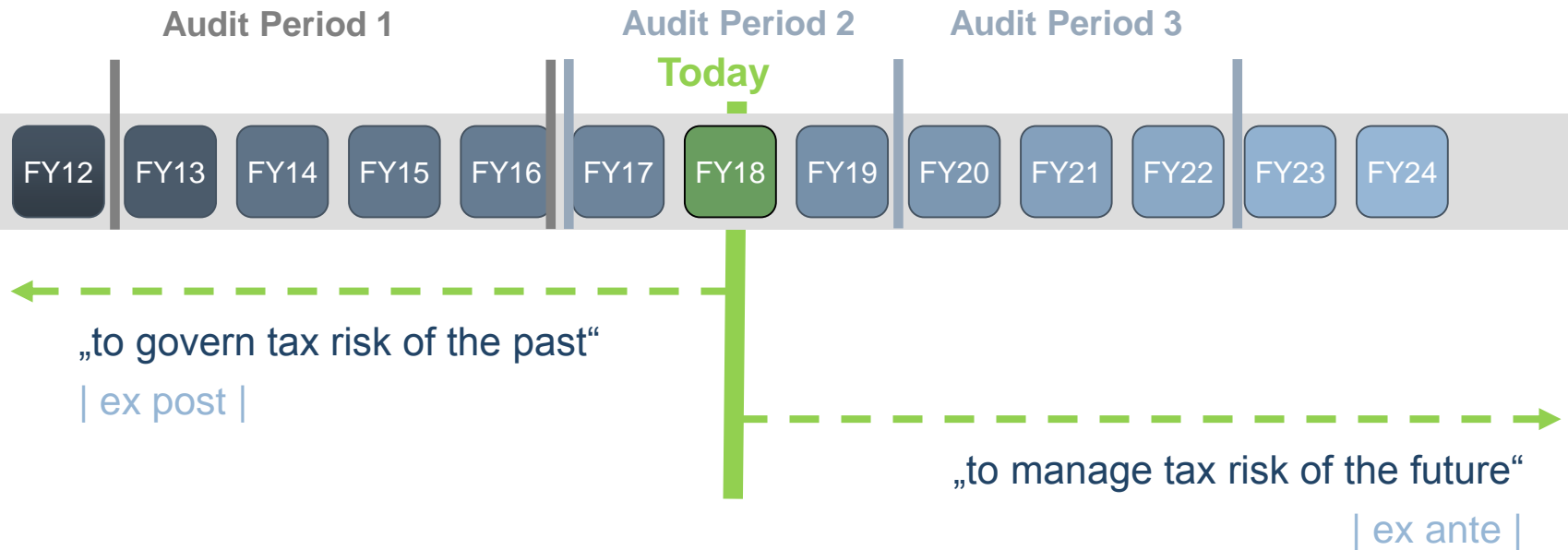- Documentation organization

Price Setting

- Cost & profit allocation, operative transfer pricing
- Integration of arm's length information

Quantitative Analytics

- Transfer pricing monitoring & analysis
- Reporting and arm's length assessment
- Tax Risk Management

Documentation & Archiving & Reporting

- Document management, version control, archiving
- Group-wide reporting; generation of transfer pricing reports, worldwide tax audit management
- Compliance with tax law (Masterfile, Countryfile)

GTP® MANAGER: Linking Yesterday with Tomorrow

Audit Period 1   Audit Period 2   Audit Period 3

Today

| FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 |

← „to govern tax risk of the past"

| ex post |

„to manage tax risk of the future" →

| ex ante |

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MANAGER

GTP: Pricing Setting | Testing Models | Arm's Length Information

Operative Transfer Pricing
(*Price Setting*)
buttom-up, top-down, price comparison, cost comp., negot.
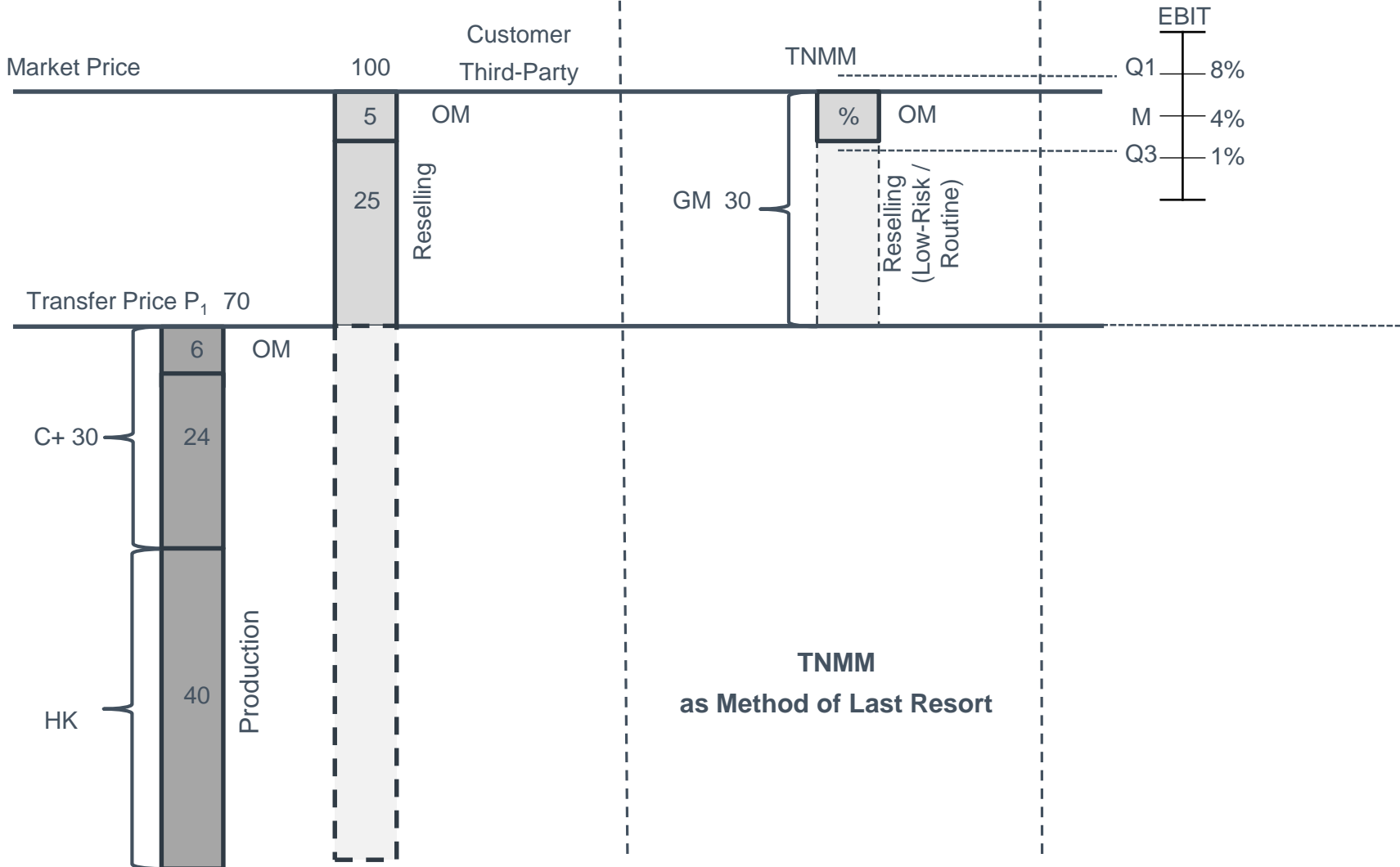
OECD Transfer Pricing
(*Arm's Length Testing Model*)
(CUP, R-, C+, **TNMM**, RPS, PS, CPM, FA)
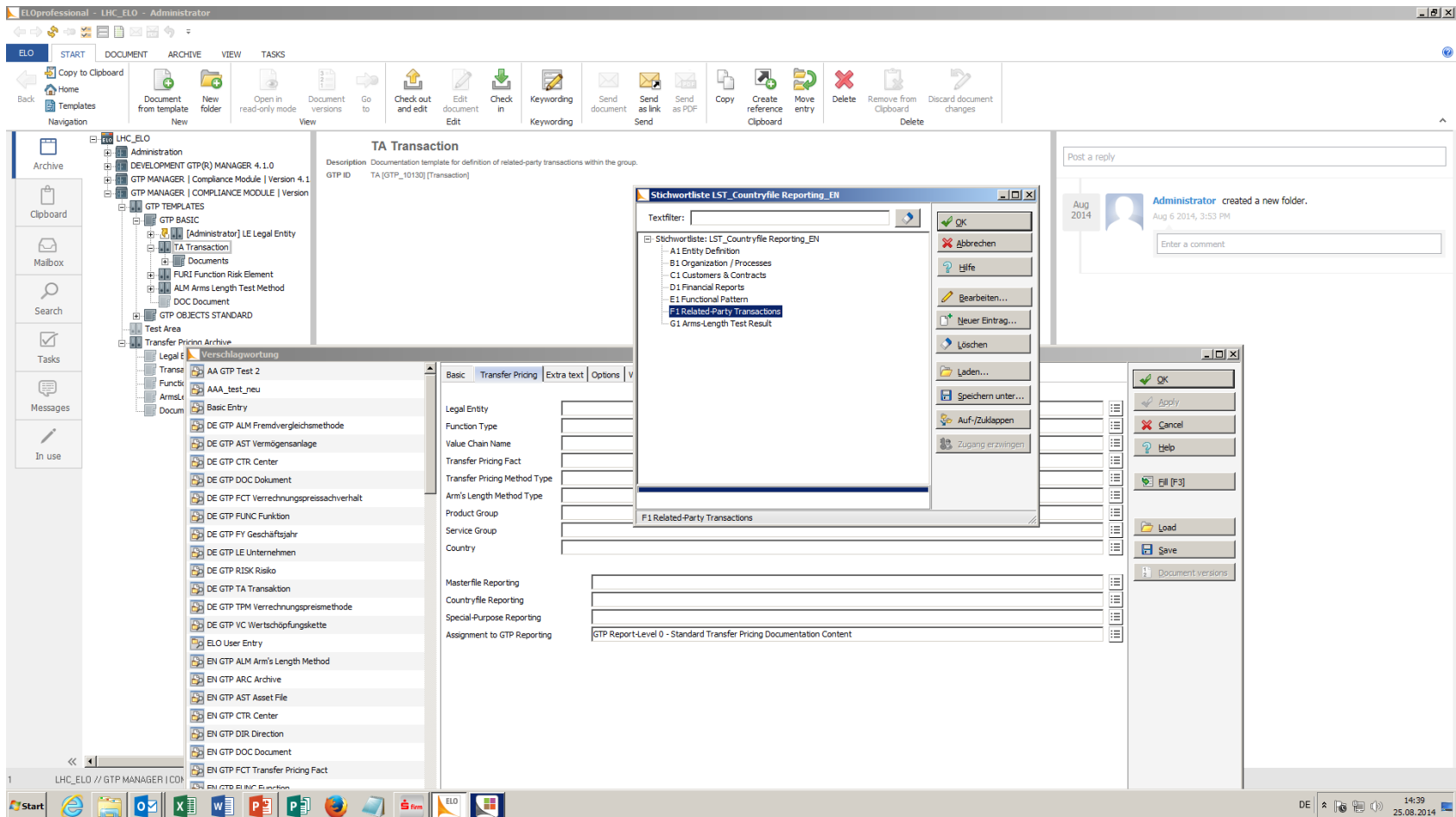
Arm's Length Information
(*Interquartile Range*)
(using indicators, **EBIT**, GM, NC+, CP, Berry, €)

EBIT

Market Price — 100

Customer Third-Party

TNMM

Q1	—	8%
M	—	4%
Q3	—	1%

5 — OM
25 — Reselling

GM 30

% — OM

Reselling (Low-Risk / Routine)

Transfer Price P_1 70

6 — OM
C+ 30
24
HK
40 — Production

TNMM
as Method of Last Resort

GTP® MANAGER: Compliance Management

- GTP approaches integrated in software technology: the case of DMS systems

Content and Processes

- **Structuring and definition of area of compliance, such as**
  - Transfer Pricing
  - Contract Management
  - Tax Compliance
  - Other Regulatory & Security Documentation

- **Setup of workflows, such as**
  - Upload of Documents
  - Tax Compliance Processes
  - Transfer Pricing Analysis
  - Reporting for compliance areas
  - New Structures and/or compliance areas

Technology

- **Technological Implementation & Customizing**
  - Software technology
  - Licensing model (full clients, web clients, external access)
  - Interfacing & ETL with other data sources (e.g. ERP, BI, CRM, external)

Project Steps: From Kick-Off to Report Updates

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Business Solutions

Step 1
- Kick-Off
- Definition of project
- Basics on fact pattern

Result: Timeline & Proposal

Step 2
- Master data collection
- Qualitative TP data
- Quantitative P&L data
- Document review

Result: Master Data Table

Step 3
- Definition on „routine" or „hybrid"
- Benchmarking on comparables
- Arm's length arguments

Result: Arm's Length Assessment

Step 6
- Annual update of master data
- Update of files and benchmarks
- New fact pattern

Result: Annual / Bi-annual Update

Step 5
- Review internally (headquarters)
- Review locally (abroad)
- Feedback from local TP experts
- Integration of feedback

Result: Docu Package / Legal Entity

Step 4
- Draft of Masterfile document
- Function & risk matrix
- Draft of Countryfile
- Draft of documentation package

Result: Structure of Documentation

Important: the decision on the use of any additional software technology can be decided anytime throughout the transfer pricing project. However, the earlier the decision is taken, the more straightforward the course of the project will be.

The overall duration of the project may range from 3-6 months, subject to meeting appointments.

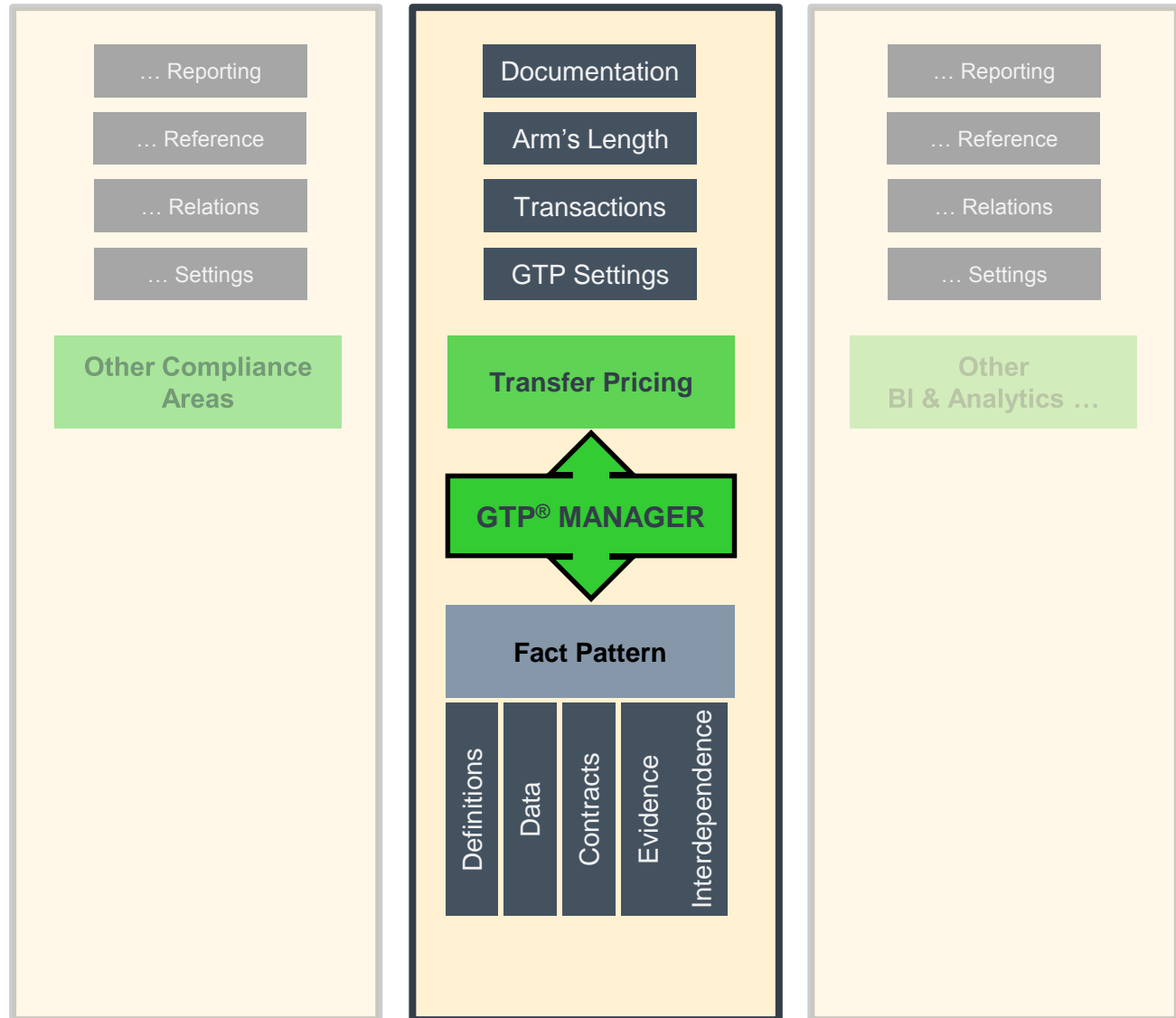# Linking Fact Pattern with Transfer Pricing Logic *(scalable into other areas)*

… to leverage cross-border documentation projects of multinationational groups

GTP®
MANAGER

Concept & Model

Other Compliance Areas	Transfer Pricing	Other BI & Analytics …
… Reporting	Documentation	… Reporting
… Reference	Arm's Length	… Reference
… Relations	Transactions	… Relations
… Settings	GTP Settings	… Settings

Transfer Pricing

GTP® MANAGER

Fact Pattern

Definitions | Data | Contracts | Evidence | Interdependence

GTP®
Cooperation

Cooperation

… to safeguard your transfer pricing project

Our services for the transfer pricing project with your international client:

- Raw Data and Statistics for the Arm's Length Analysis

- Analysis & Assessment Services

- Compliance & Documentation Support

- Transfer Pricing Management for Multinationals

- Documentation Management Services

- Transfer Pricing Consulting Services

- Training & GTP® ACADEMY

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Implementation

Implementation Workload

Components		Deliverables
GTP Workshop *„From where to head for?"*	❯	Proposal
GTP® Modul Setting *Customizing*	❯	Group-Specific Setup
GTP® Modul Implementation	❯	Software Masterdata, Documents
Comparables Benchmarking (PLI, Licence, Prices)	❯	Arm's Length Documentation
Quantitative Analysis (Monitoring, Controlling)	❯	Reporting
Documentation Work	❯	Masterfile / Countryfile

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MANAGER

Practical Issues

Definition & setup of group structure & implementation

- Transfer pricing structure (entities, transactions, functions, analysis)
- Setup of master data & master documents

Deployment of tool & upload of documents

- External documents (e.g. benchmark studies, reports)
- Internal documents (e.g. analysis, reports, contracts, emails, statements, notes)
- Reporting
  - Masterfile & Countryfile
  - Country-by-country reporting (xlsx or BI tool)
  - Special Purpose Reporting
  - Single-document delivery
- Update of transfer pricing structures (e.g. transactions, benchmarks)
- Repository of transfer pricing tools

Scripting & Programming

- Automated services (e.g. automated indexing)
- Interface with source data (e.g. ERP, other ECM Systems, BI solutions)
- Integration with collaboration systems (e.g. Sharepoint)

Contact

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