

Transfer Pricing

Introduction

In light of the Organisation for Economic Co-operation and Development's (OECD's) Base Erosion and Profit Shifting (BEPS) program, tax authorities have been focusing on transfer pricing. This has been done by enforcing stricter local transfer pricing regulations/rules, imposing detailed compliance requirements and invoking ever-increasing scrutiny on related party transactions.

It is hence important to ensure that all related party transactions are being performed using the most appropriate charging mechanism and that the prices are in accordance with the arm's length principle.

Our Services

Dezan Shira & Associates' transfer pricing practice helps companies conducting transactions with related parties to deal with transfer pricing issues. The services provided by Dezan Shira & Associates are comprehensive and tailored to each client's individual needs, often arising from the uniqueness of its business operations. Dezan Shira & Associates' main objective is the elimination of the taxpayers' risks resulting from following inefficient transfer pricing policies. The services offered by Dezan Shira & Associates' transfer pricing practice include, among others:

Transfer pricing documentation

One of the biggest challenges when processing payroll for Asian countries is understanding and staying up to date with local regulations. With different countries following different regulations and procedures, it is difficult for overseas based HR teams to efficiently handle local payroll requirements. Also, the interpretation and implementation of even nationwide policies can vary at local levels increasing compliance risks.

Working with multiple providers across different countries and cities

Due to the varying nature of HR & payroll regulations across different countries, many businesses operating internationally Companies which meet certain thresholds must prepare contemporaneous transfer pricing documentation. Dezan Shira & Associates offers comprehensive support in

preparation of the mandatory documentation for transactions concluded between related parties. We help in preparing new documentation as well as analyzing & updating the documentation prepared by the taxpayer.

Benchmark study

It is important that companies ensure their related party transactions satisfy the arm's length principle. We offer assistance in preparing, updating and evaluating economic (comparability, benchmarking) studies, aimed at verifying prices and margins set in controlled transactions by benchmarking the arrangements in such transactions against comparable transactions concluded by independent entities.

Tax audits

Dezan Shira & Associates assists clients prepare for potential tax audits as well as provides support during its course. Services offered by the transfer pricing team include preparation of appropriate arguments, assistance in conducting studies and gathering documentation supporting the taxpayer's position regarding transfer pricing

Transfer pricing policy

An appropriate transfer pricing policy helps to achieve the best possible settlement between related parties as well as maximize tax profits. We can assist with respect to the following:

- Planning and implementation of transfer pricing policy, in order to achieve the best possible settlement between related parties, in accordance with the tax laws
- Verification of current policy and procedures defining rules of intercompany settlements regarding the existing risks
- Drawing up the settlement rules and principles (such as the calculation of the level of prices/margins) that meet specific economic goals
- Identification of the transactions and allocation of profits between headquarters and affiliates

Related party contracts

Our legal and tax teams can draft and/or review contracts entered into between related entities to ensure compliance with tax laws



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Why Dezan Shira & Associates

Dezan Shira & Associates' transfer pricing practice specifically focuses on advising foreign companies with respect to the transfer pricing aspects of their operations and investments in China and throughout the Asia Pacific region. We are experts in this field and have a strong working relationship with tax authorities at all levels in Asia and beyond.

Dezan Shira & Associates is a pan-Asia, multi-disciplinary professional services firm, providing tax, legal, audit, accounting and payroll as well as operational advisory services. Dezan Shira & Associates is in its third decade of operations and has subsequently grown to support 28 offices (12 of which are in China) and over 300 staff in our operations throughout China, Hong Kong, India, Singapore, Indonesia, and Vietnam together with our alliance partners in Malaysia, the Philippines and Thailand.

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