

Transfer pricing services in Asia Pacific

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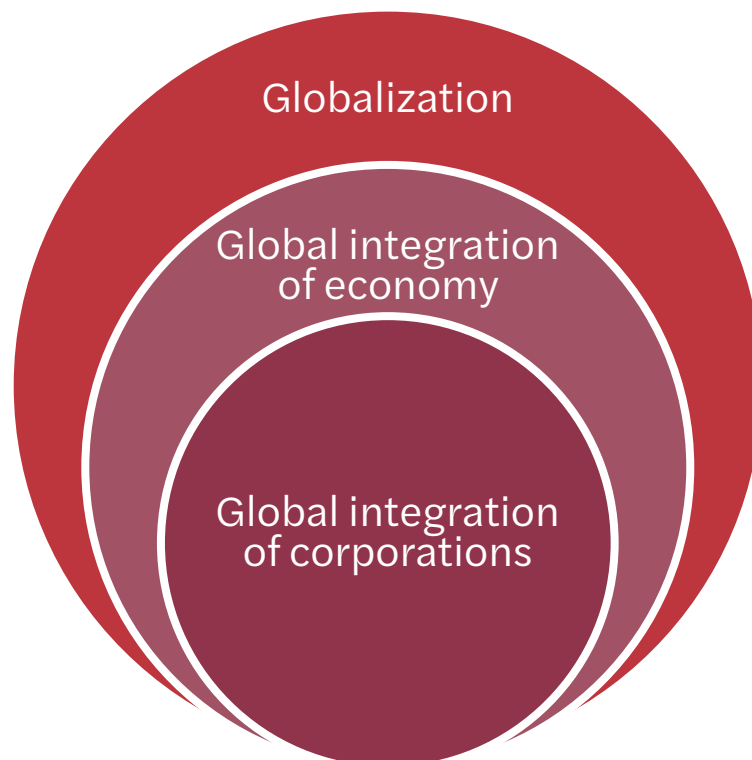
Introduction

Transfer pricing has grown to be one of the most prominent tax issues in the international arena, receiving priority attention from national governments as well as posing increasingly significant impacts on the operations of multinational enterprises. It focuses on the prices charged in related party transactions, including internal transfer of tangible goods, intangible property, services, loan financing and leases, and affects every aspect of cross-border operations, and corporations' worldwide tax burden.

Mazars transfer pricing

The current global business environment has created opportunities for multinational enterprises to take advantage of the integration of national economies. Fiscal authorities globally are under tremendous pressure to maintain tax receipts in the current environment and are increasingly recognizing the possibilities provided by transfer pricing for revenue raising purposes.

As a result of the global financial crises since 2008, both governments and the general public expressed their indignation on the tax-driven practices of high-profile multinationals.



Actions and reactions of the world

Governments and international organizations had to respond to the ongoing worldwide problem from a tax point of view. Various international stakeholders started initiatives to mitigate the effects of harmful tax practices of multinationals.

OECD – Base Erosion and Profit Shifting (“BEPS”) – action plan

The G20 finance ministers called on the OECD to develop an action plan to address BEPS issues in a coordinated and comprehensive manner. Specifically, this Action Plan should provide countries with domestic and international instruments that will better align rights to tax with economic activity. The Action Plan focuses on the following topics:

Tax challenges of digital economy	Coherence of CIT at an international level	Realignment of taxation	Transparency, certainty and predictability	Developing a multilateral instrument
	Hybrid mismatch arrangements	Prevent treaty abuse	Establishing methods	
	Foreign companies' rules	Prevent artificial avoidance of PE	Disclose aggressive tax planning	
	Limit base erosion	Intangibles at arm's length level	Re-examine TPD	
	Counter harmful tax practices	Risks & capital at arm's length level	More effective dispute resolution	
		High risk transactions at arm's length level		



Risk assessment and management

Under the current economic situation, transfer pricing is under even more rigorous scrutiny from tax authorities around the world. Businesses are highly recommended to actively manage transfer pricing risks in light of the BEPS Action Plan. It is important to know the risk areas and identify specific risks, and prioritize action plans to address the issues.

An effective risk management strategy can provide certainty when transfer pricing is challenged. Setting up and maintaining defensible transfer pricing policies help control, manage and eventually minimize transfer pricing risks identified.

Benchmarking tools

Transfer pricing relies on market prices that are available from various databases with different purposes and applicability.

The core of most transfer pricing analyses is benchmarking, i.e. the collection of comparable data. Databases maintained by international data aggregators support the benchmarking by presenting financial and other data in a concise and transparent manner.

- **Osiris:** Osiris is a database used for searching for comparable entities, with a worldwide coverage of over 70,000 entities.
- **KtMine:** KtMine is an online database containing 15,000 royalty and commission agreements, along with the general summary and features of the contracts covered.

Transfer pricing of financial transactions has a specific toolset and analytical framework for benchmarking purposes focusing on comparability and a wide range of comparable data from market sources:

- **Moody's:** credit rating estimation for a specified corporation on a stand-alone basis.
- **Bloomberg:** Bloomberg is the leader in financial information across industries, and across the world. Bond search, yield curves, foreign exchange transactions, CDS spread, SWAP, etc. are available in a searchable way.

How Mazars can help you

Mazars is an integrated international partnership of independent professional service firms that provides a full range of audit and assurance, tax and advisory services. Our team consists of more than 200 experienced tax professionals, which ensures that we can provide, develop and implement customized transfer pricing solutions that fit with our clients' commercial and tax strategies. Our team has dealt with clients on a range of issues, including transfer pricing compliance and documentation, planning and structuring, audit defense and advance pricing arrangement. This provides us with a broad and deep knowledge of the solutions that have proved successful with a range of clients across various industries. We also draw upon transfer pricing expertise from across the world to ensure that we provide our clients with truly global transfer pricing solutions.

Asia Knowledge Centre - Singapore office

Mazars established a group of transfer pricing professionals in Singapore who possess a high level of knowledge and experience in the main areas of the international transfer pricing matters: financial transactions, intellectual properties, compliance and audit defense, restructuring and advance pricing arrangement. The goal of the Asia Knowledge Center is to assist Mazars offices in Asia in their everyday work and coordinate cross-border engagements with a global view on the clients' business.

Global Knowledge Centre - Budapest office

Besides the Asia Knowledge Center, Mazars has established a global knowledge center in Budapest, Hungary.



How we can help

Please engage in a conversation with our dedicated professionals who have a wealth of experience and local knowledge and are able to give you independent and practical advice tailored to solutions that meet your requirements.

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,000 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws

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