

## Key questions to consider

- Are all stakeholders playing their part to minimise the risk of your transfer pricing being successfully challenged by the tax authorities?
- Is your transfer pricing strategy integrated with your business strategy?
- Do you have clearly defined roles and responsibilities so that transfer pricing is operating seamlessly across your business?
- What controls are in place to ensure the impact of business change is taken account of in your transfer pricing?
- How quickly and efficiently can senior management defend a tax authority challenge? Are your legal agreements and transfer pricing documents complete and in one place?
- Do you have a robust audit trail to prove to tax authorities that your transfer pricing calculations have been performed in accordance with your policy?
- Do your current financial systems, processes and controls for extracting and maintaining complete and accurate data meet your transfer pricing needs e.g. data sources, changes to ledger hierarchies?

## Find out more

If you would like to learn more about E2E execution, please contact one of the team or your local PwC contact and we can discuss how we can help you.

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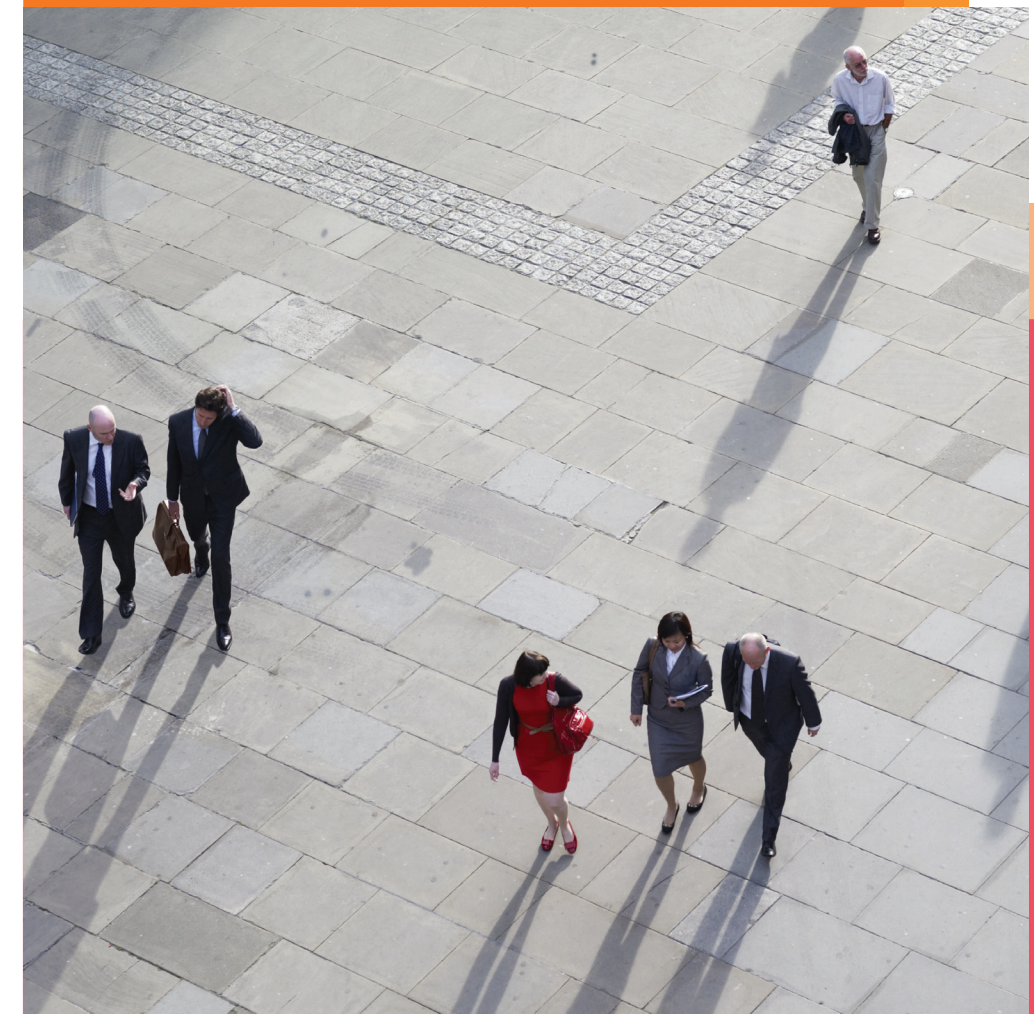
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**Ensure your  
transfer pricing  
succeeds through  
effective execution  
E2E execution**

*Why inadequate  
end-to-end (E2E) execution  
of transfer pricing is  
recognised as the big risk  
for multinationals*



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# The new tax and transfer pricing environment

As tax has hit the media headlines and boardroom agendas, transfer pricing and the way in which it's embedded in the business requires more attention than ever before. If there's a breakdown in execution, boards know reputational damage could ensue.

Furthermore, recent economic times have seen the materiality and complexity of related party transactions increase as organisations seek to remain competitive.

Transfer pricing and its practical operation is challenging to get right because it affects a huge number of internal stakeholders, systems and processes. To set up, operate and embed your transfer pricing end-to-end requires the seamless operation of your business, finance and tax resources.

Tax authorities know where organisations' transfer pricing challenges lie and are reviewing the basis of calculations, controls and requesting full audit trails. The time to act is now.

## Benefits

- Increased visibility over transfer pricing policies, risks and opportunities, and the impact on the group's Effective Tax Rate – leading to enhanced transparency and control.
- More certainty on the tax treatment of intra-group transactions – increased local tax deductions for central costs; release of provisions for uncertain transfer pricing positions.
- Improved efficiency and effectiveness of financial and operational processes supporting your transfer pricing e.g. smaller true-ups, staff time savings, increased quality, increased visibility of transfer pricing impacts.
- Increased ability to defend tax authority challenges robustly – minimising risk of reputational damage and saving valuable management time.
- The right people with the right skills are doing the right things on transfer pricing.

*“By addressing our end to end function we have created a seamless and efficient process that enables us to efficiently monitor and control our transfer pricing processes.”*

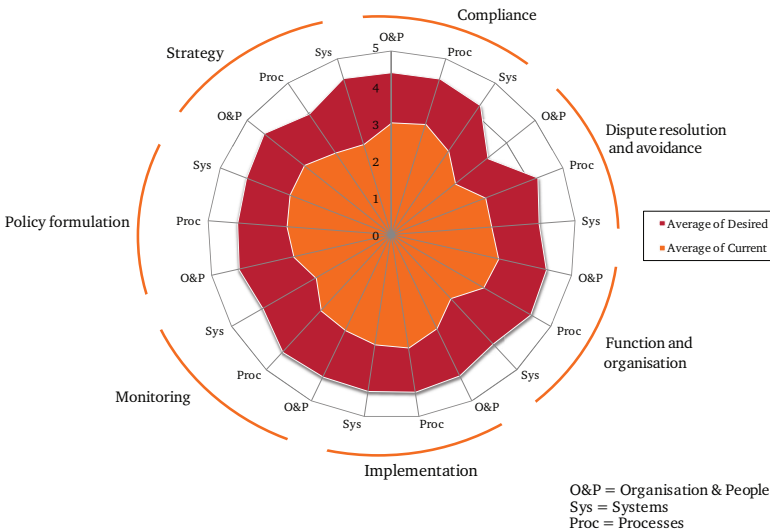
Global Head of Transfer Pricing, Energy Group

## A global business challenge

The implementation of transfer pricing is a global issue. We have conducted a survey of over 250 global organisations identifying common themes and issues in relation to the E2E execution of transfer pricing.

Our *Transfer Pricing Control Review* (TPCR) highlights the differences between your organisations' current and desired state across a number of key areas, including strategy, compliance and implementation. This enables you to identify your relative strengths and weaknesses and assists you in focusing on the most effective areas for investment.

TPCR allows you to compare your Group's position against that of your peers.



*“TPCR has helped us to identify the key areas on which to focus our transfer pricing resources to ensure that they have the greatest impact across the business going forward.”*

Global Head of Transfer Pricing, UK Investment Bank

## How we can help

Our transfer pricing E2E team includes experts from transfer pricing, tax risk assurance, consulting and tax technology teams who can provide an integrated solution to meet your needs, whether you want to address a specific part of the E2E landscape or full E2E. We use our proven 'Transform' methodology to examine your challenge(s) in a structured way, taking account of strategy, structure, process, people and technology (as relevant). We have summarised below three projects focused on different areas of E2E execution:

