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FSTP Perspectives

A publication for financial services industry tax and transfer pricing professionals

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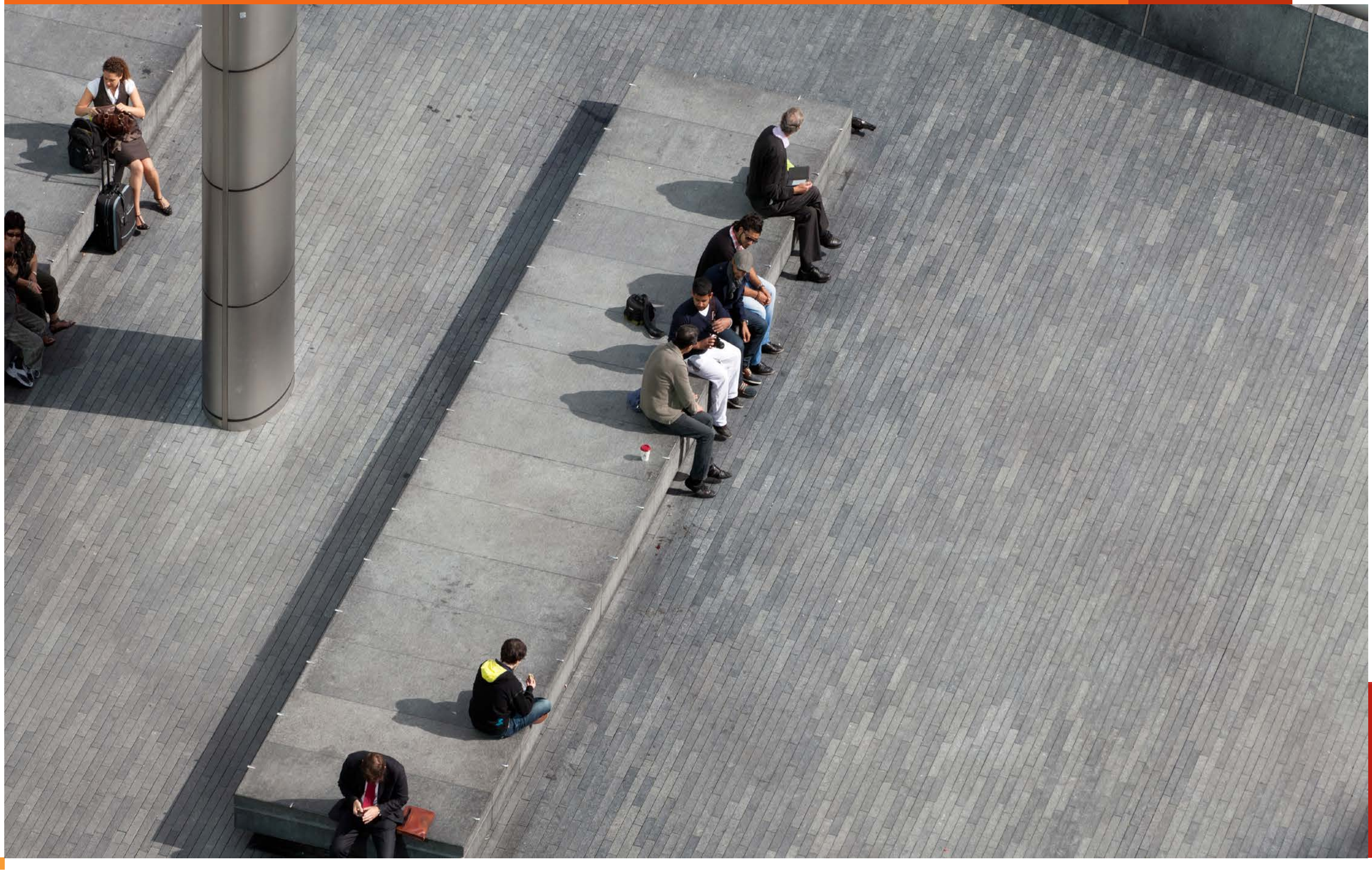

In this issue:

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Contents

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Frank Douglass

Introduction

The Financial Services industry, as always, is undergoing a constant reform with various regulatory changes throughout the world. While the previous edition of *FSTP Perspectives* focused on key regional updates in Asia, we have tied together the current edition to provide you with a flavor of recent global technical updates that will impact your business. Highlights of this issue include:

- An update on the recent **OECD paper on treatment of intangibles**, designed to provide greater clarity on the identification and pricing of intangibles. As described in page 4 of this edition, the OECD stresses that transfer pricing for intangibles should rest on a robust functional analysis to identify intangibles and their rightful owners based on independent third party behavior, and relies on both a two-sided analysis and a comparability analysis to evaluate the appropriate pricing for such intangibles.

- A discussion on options available to US Banking Branches of Foreign Banks with respect to **computing US taxable income**. US Banking Branches of Foreign Banks may choose to compute their US-sourced income either under the Effective Connected Income (ECI) rules or under the Treaty Method that follows income attribution rules under OECD TP Guidelines.

- An update on a recent case that evaluated the **treatment of intercompany loans**—the Internal Revenue Service (IRS) has been aggressively challenging taxpayers' intercompany financing arrangements. Unlike traditional arm's length pricing analysis focused on the interest rate charged on intercompany debt, the characterization of the instrument as debt vs. equity, has assumed increasing importance. The case provided welcome guidance on how US courts currently analyze debt vs. equity, and more importantly, affirmed well-established analysis principles.

- A discussion on the practical considerations for **transfer pricing** of transactions with **captive insurers**. With transactions that are so unique, transfer pricing for captives offers several challenges such as the lack of adequately reliable comparative data and the absence of precedents in many cases. In such situations, transfer pricing practitioners often have to adopt innovative approaches to benchmark intercompany transactions such as the use of quotes, data on individual risks or corroborative analysis as appropriate.

Lastly, the issue provides a regional update on transfer pricing trends and considerations in Latin America. Please feel free to reach out to your local PwC financial services tax/transfer pricing contact for more information on these or other transfer pricing matters.

Best regards,

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The definition of the term "intangible asset" has long been a key issue in global transfer pricing.

Revision of Chapter VI of the OECD Transfer Pricing Guidelines and potential implications to financial services companies

Rita Tavares de Pina, Shane McEvoy, and John Cianfrone

Introduction

On June 6, the OECD published the first public Discussion Draft of its revision of Chapter VI, Special Considerations for Intangible Property, of the OECD Transfer Pricing Guidelines (the Draft). This article considers certain potential implications of these revisions for the financial services (FS) industry, specifically for brands and proprietary trading platforms.

Defining intangibles

The definition of the term "intangible asset" has long been a key issue in global transfer pricing. The Draft stresses that transfer pricing analyses should focus on how independent third parties would behave in comparable situations, rather than on particular accounting or legal definitions or those used for general tax purposes. The Draft makes no attempt to differentiate between "trade vs. marketing," "soft vs. hard," and "routine vs. non-routine" intangibles and concludes that legal protection is not a necessary condition for an item to be characterized as an intangible for transfer pricing purposes. A key principle in the Draft is the distinction between intangibles (or IP) and market conditions or other circumstances that are "not capable of being owned, controlled or transferred by a single enterprise"—such as features of local markets, level of disposable income, size or relative competitiveness of the market, and group synergies.

Brand

The Draft does not provide much guidance on the pricing of brand-related intangibles for multinational companies (MNCs) operating in services industries. For FS MNCs, factors such as a group's international footprint, best practices and/or organisational control are often crucial to the group's ability to generate excess returns. Unfortunately, many of these factors are hard to isolate or quantify, difficult to analyze and, on a stand-alone basis, may not pass the threshold to be considered as an intangible. However, they often interact with or enhance a MNC's intangibles (e.g., brand) to create a differentiating factor for that group. Difficulties may arise with identification and measurement of these factors because competitive advantage derived from such factors is not always necessarily sustainable—competitors can catch up. Intercompany royalty arrangements in the FS sector have typically been limited to trademark royalties for a relatively small number of major multinational insurance companies, investment banks and private banks, with generally lower royalty rates than in the consumer and technology industries.

Although based on the Draft, it would appear that most intercompany transactions involving the transfer of or incorporating valuable brand-related intangible assets require arm's length compensation, the decision of FS MNCs to implement intercompany royalty arrangements for brand intangibles may also be driven by additional, non-technical considerations. Each MNC's perception of its own brand and brand value drivers, location of the parent company and the local tax laws and tax authority views and practices related to intercompany royalties in significant or material jurisdictions for the MNC will likely affect the determination and acceptance of intercompany royalties.

When determining the arm's length intercompany royalties, the Draft appears to discourage the application of the Comparable Uncontrolled Price (CUP) for intangibles—this is inconsistent with the traditional approach to the analysis and evaluation

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of intercompany pricing for intangibles up to now, and many would argue that the CUP can and should continue to be used as a valid starting point for an arm's length pricing analysis. Many taxpayers utilize prior valuation analyses (e.g., prepared for previous mergers and acquisitions (M&A) activity purposes) or critical assumptions used for other business purposes as the starting point for computing estimated intangible asset values. In this Draft, the OECD does not appear to support these kinds of approaches. Imposing a requirement to prepare separate valuation analyses for tax or transfer pricing purposes may create unrealistic or additional burdens on taxpayers, something which has not generally been the intention of the OECD to date.

Proprietary trading platforms

The FS industry often deploys proprietary trading platforms, utilized in improving trading execution in cases where speed and efficiency are critical or in terms of codified trading algorithms. In cases where the systems are significantly developed in-house, the issues related to characterizing a given contribution as an intangible may be pertinent. The challenges posed by the current Draft are twofold. On one hand, the apparent broadening of the definition of intangibles may raise new questions by tax authorities around the nature of this technology and the respective contributions to its development by the members of an FS MNC. On the other hand, since the Draft seems to require more stringent comparability standards to apply transfer pricing methods, FS MNCs may need to focus on more detailed arguments around the various non-routine contributions and assets captured and remunerated by the chosen transfer pricing approach, often a residual profit split method (RPSM).

Conclusion

The broad definition of intangible assets and the impact for FS MNCs leveraging brands and proprietary models and software has potentially significant implications for FS MNCs. The Draft appears to create more ambiguity rather than reduce historical uncertainties. The hope of FS MNCs and TP practitioners alike is that these issues will be clarified as the Draft is revised and refined and industry comments are considered.

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Given that captive insurance companies may insure risks that are hard to reinsure with third parties, transfer pricing for captives can be a tricky exercise for many multinationals .

Transfer pricing for captive insurance companies

Soorashree Telang and Erin Hathaway

Companies may look inwards for their insurance/reinsurance needs where they may have material insurance spend to cover their risks and assets, or have risks that are difficult or impossible to cover in the external market. In such cases, groups often form captive insurance companies to insure the relevant risks of its parent company or companies. Captive insurance is an alternative form of risk management that has been gaining popularity as a means through which companies can protect themselves financially while having more control over how they are insured.

Given that captive insurance companies may insure risks that are hard to reinsure with third parties, transfer pricing for captives can be a tricky exercise for many multinationals—specifically because it may be difficult to find external transactions comparable to the transactions between the captive insurer and its insured affiliate. In addition, given that captive insurers have different risks as compared to third-party insurers in the market, it can be challenging to find comparable companies in the marketplace. In spite of this, there are some practical transfer pricing considerations for captive insurance companies.

In the case of related party insurance transactions, taxpayers have several transfer pricing methods at their disposal. These include the use of transactional or profit based methods.

For a transactional method, taxpayers need to consider the availability of market data to price related party transactions. Currently, many multinationals with captives determine premiums on policies based on quotes obtained from brokers or using data on individual risks in the market. In these cases, data may or may not be supported by the use of actuarial analyses. Given recent sophistication on the part of local tax authorities on captives and OECD (Organization for Economic Co-Operation and Development) and local transfer pricing guidelines, transfer pricing based solely on broker quotes may be scrutinized or challenged as inapplicable unless supported by additional analysis around quantum of insurable value and historical loss outcomes. Given the unique nature of transactions with captives, setting transfer pricing policies and preparing documentation based on data that is verifiable by the taxing authorities may be one of the few ways to mitigate taxpayer risk. In the absence of the applicability of transactional based methods (or where the transactional information is not fully comparable), the taxpayer should consider a profit based method as an alternative or corroborative method.

Captive insurance companies are "in-house" insurance companies and do not write policies to the general public.

Certain forms of profit based methods involve reviewing returns on capital employed/assets (ROA) for the insurer/reinsurer. While such methods are typically utilized to corroborate the transfer pricing analysis conducted using transactional methods,

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they may also be used on a stand-alone basis. For example, an ROA analysis of the insured company with respect to its profits from the tested transaction would go a long way in establishing that there was not a transfer of excess profits to the captive. Such corroborative analyses are well regarded by revenue authorities. Another example of using a profit based method is the evaluation of the captive's ROA against third party reinsurers if the facts are comparable. While third party reinsurers may not be exactly comparable to the captive given the differences in risks assumed, such benchmarks may be useful to corroborate analyses where transactional data is not available or is less reliable. Analysis can also be done to compare profit ratios or other metrics of insurers that reinsure comparable risks to other parties. Taxpayers may therefore consider including supporting/corroborating analysis in their transfer pricing documentation to demonstrate the arm's length character of their transactions with captives.

With taxing authorities questioning business purpose and rationale for captive transactions, transfer pricing documentation needs to develop a robust case for not just the pricing but also the rationale and purpose of the transaction. Including a transactional as well as profit-based corroborative analysis may be a useful approach to demonstrate arm's length pricing. Given these practical considerations taxpayers should therefore pay close attention to their transfer pricing documentation to ensure it provides substantive support for their transactions with captives.

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The Court's analysis in this case follows the principled approach of applying debt-equity factors.

Intercompany debt: US court case on the treatment of intercompany loans

Robert Ritter

Background

The issue of whether an intercompany financing arrangement is viewed as debt for US tax purposes is primarily based on qualitative and quantitative factors developed under case law, based on particular facts and circumstances. The Internal Revenue Service (IRS) has been aggressively challenging taxpayers' intercompany financing arrangements. While a traditional arm's length pricing analysis focuses on the interest rate charged on intercompany debt, the determination of an arm's length level of debt (i.e., the base to which the rate is applied) so as to respect the characterization of instrument as debt vs. equity, is increasingly important.

Case

On June 19, 2012, the Tax Court released a memorandum opinion in *NA General Partnership & Subsidiaries v. Commissioner* (T.C. Memo. 2012-172) ruling in favor of the taxpayer. The issue in the case was whether an advance made by the non-US parent to the US group constituted debt or equity, and therefore, questioned the deductibility of interest expenses.

Based on the court's description of the facts, the advances and accompanying loan notes at issue arose out of a transaction where Scottish Power, a UK company, acquired PacifiCorp, a US utility company. In 1998, the US group issued two loan notes to Scottish Power.

A few issues arose after the loans were issued that caused the IRS to question the characterization of the transaction, including:

Taxable year	Issues
2000–2002	• A portion of the interest payments were made via journal entries • US entered into third-party short-term credit facility, which subordinated Scottish Power's (as the lender) rights • Certain interest payments were made in arrears
2003	• Parties partially capitalized notes as part of US group restructuring

Court's analysis

In ruling in the taxpayer's favor, while the Court examined a series of factors, it placed particular emphasis on:

- **Source of payments.** If repayment depends on earnings or a restricted source, equity characterization may be indicated. The court determined that the US group had reasonably anticipated cash flows (including the sale of Australian companies owned by the US group) and provided sufficient funds to timely service interest and principal payments.
- **Subordination.**[1] The IRS argued that notes resembled equity due to the subordination (as it did not restrict the US group from taking on more senior debt, and the US group later subordinated the intercompany notes to the third party facility).[2] The court ruled that (a) certain creditor protections are not as important in a related party context. Because Scottish Power as the parent wholly-owned the

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1 Subordinated debt is debt which ranks after other debts should a company fall into liquidation or bankruptcy.
2 Related party debt is subordinate to third party debt.

US group, it could have prevented the US group from taking on additional debt, including senior debt; and (b) later subordination of notes was insignificant as the funds were used to pay Scottish Power interest on the intercompany loan.

- **Intent of the parties.** A debtor-creditor relationship (e.g., existence of an agreement, capital structure, ability to repay, etc.) is based on the intent of the parties. The IRS argued (a) that the US group was capitalized in a manner so as to primarily obtain interest deductions; and (b) the parties post-transaction conduct did not demonstrate intent to form a debtor-creditor relationship. The court argued the following: (a) tax considerations permeate the decisions to capitalize a business with debt or equity; (b) while failure to insist on payments may indicate equity, strict insistence on payments is not expected and inconsistent with business realities; (c) the US group took certain measures (e.g., third-party loan) to repay interest in a timely manner; and (d) the decision to recapitalize the notes as equity did not show that the parties always intended the notes to be an equity investment.[3]
- **Capitalization.** Thinly capitalized advances are more likely characterized as equity. The IRS argued that the notes should be characterized as equity as an expert witness stated that the US group's credit rating was below investment grade. The court argued that the assigned rating did not establish that the US group was so thinly capitalized that it would be unable to repay the debt.
- **Ability to obtain outside financing.** The ability to obtain loans from third-party sources points towards debt characterization. The IRS argued that the US group could not have obtained third-party financing on the same terms as the intercompany debt. The court relied on the taxpayer's expert witness' conclusions, including contemporaneous debt issuances, comparable market interest rates, and the ability to sell the debt transaction in the market, all of which favoured debt characterization.

Conclusions

The Court's analysis in this case follows the principled approach of applying debt-equity factors. It serves as a useful guide as to how US courts currently analyze debt vs. equity, and more importantly, an affirmation of well-established principles. It also demonstrates the importance of the taxpayer's ability to establish the factual basis required for a debt characterization. Taxpayers should consider preparing documentation to establish the intent of the parties, including an evaluation of the creditworthiness of the borrower, as well as support around certain market metrics and the ability of the borrower to repay principal and interest in a timely manner to satisfy this burden of proof.

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3 To this point, existing case law suggests that is inappropriate to recharacterize debt as equity by using hindsight.

Attribution of income to US banking branches under the OECD Transfer Pricing Guidelines

Yanna Wu and Sushovan Karki

Non-US banks often maintain a presence in the US through a branch structure. Under the Internal Revenue Code (IRC), non-US corporations, including non-US banks, are subject to net basis taxation on their income that is effectively connected to a US trade or business (ECI).[1] The ECI rules, apply to both US-sourced and foreign-sourced income, although application to the latter is limited.[2] Of particular relevance to non-US banks is that foreign sourced income is treated as ECI including dividend, interest, and guarantee fees (or equivalent sources of income) which are derived in the active conduct of a banking, finance, or similar business within the US.

As a general rule, only interest and dividend income from obligations issued by a US corporation, US partnership, or US resident individual are treated as US sourced.[3] However, interest received on deposits with a US banking branch of a non-US bank is also treated as US sourced and interest received on deposits with a non-US bank branch of a US bank is treated as foreign sourced.

As an alternative, under Article 7 of the United States Model Income Tax Convention of November 15, 2006 (Model Tax Treaty), business income can be taxed only if such income is attributable to a permanent establishment (PE) in the United States.[4] A branch is a PE, which is treated as a "distinct and separate" entity. Assets used, risks assumed, and activities performed by a PE are taken into account to determine profits attributable to such PE.[5] The notes to the Model Tax Treaty specifically endorse the application of OECD Transfer Pricing Guidelines.[6] As such, a non-US bank can utilize any of the acceptable TP methods in the OECD Guidelines to establish arm's length results to determine income attributable to the branch, as long as the bank's resident country has an income tax treaty with the US, allowing the taxpayer to elect to apply the OECD TP methods. The only such US income tax treaties currently in force are those with Canada, the UK, Germany, Japan, Iceland, Belgium, and Bulgaria.

Establishing the amount of profit attributable to a PE (i.e., the US branch) under OECD Guidelines follows a two-step process.[7] In the first step, the US branch is treated as a distinct and separate entity. A functional analysis needs to be conducted to establish functions performed, risks assumed, and assets employed between the US branch and its parent to identify the key entrepreneurial risk taking (KERT) functions. In the second step, the profit of the US branch is established through various transfer pricing methods based upon a comparability analysis, taking into account the KERT functions.

Non-US banks with US branches may either use the ECI rules or applicable income tax treaty provisions

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1 IRC 882(a)(1). ECI of US branch is taxed according to the same rules applicable to a US Corporation.
2 IRC § 864(c).
3 IRC §§ 861(a), 862(a).
4 Model Tax Treaty Art. 5 & Art. 7 (1).
5 Id. at Art. 7 (2).
6 Id.; United States Model Technical Explanation Accompanying the United States Model Tax Convention of November 15, 2006.
7 Organization for Economic Co-Operation and Development, 2010 Report on Attribution of Profits to Permanent Establishment.

Attribution of income to US banking branches under the OECD Transfer Pricing Guidelines (continued)

to determine the taxes owed.[8] Nothing in an income tax treaty takes away any of the available exemptions and deductions. There may, however, be instances where the ECI rules produce different results than under an income tax treaty method. *National Westminster Bank, PPLC (NatWest) v. US,*[9] and three decisions of the Court of Federal Claims that were affirmed by that decision[10] offer some guidance in this area. In the NatWest cases, a UK-based bank with US branches deducted interest expenses on interbranch borrowings, a deduction inconsistent with the ECI rules under Treas. Reg. §1.882-5. The Court eventually concluded that the application of the US and UK Income Tax Treaty then in force should be respected and permitted NatWest's allocation of interest under the Treaty.

Based on the applicable rules and cases, a non-US bank can be taxed at the lesser of two amounts of business income, (i.e., by applying the ECI rules or profits attributable to a PE under Article 7). As such, it may be prudent for the non-US banks with US branches to calculate their income tax under both the ECI rules and the treaty method.

In cases where a non-US bank decides to apply the ECI rules in the calculation of its US taxable income, for certain transactions that meet the requirements under the US proposed global dealing regulations (e.g., security trading),[11] non-US banks may also apply transfer pricing methods similar to the methods listed under the OECD guidelines to attribute profit to the US branch.

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8 IRC §894(a)(1).
9 *National Westminster Bank, PLC v. US ("NatWest IV"),* 512 F.3d 1347 (Fed. Cir. 2008), motion for rehearing and motion for rehearing en banc denied, No. 2007-5028 (Fed. Cir. Apr. 21, 2008).
10 *National Westminster Bank, PLC v. US ("NatWest I"),* 44 Fed. Cl. 120 (1999); *National Westminster Bank, PLC v. US ("NatWest II"),* 58 Fed. Cl. 491 (2003); *National Westminster Bank, PLC v. US ("NatWest III"),* 68 Fed. Cl. 128 (2005).
11 Prop. Treas. Reg. §1.482-8.

The requirement to document all or most intercompany transactions, including filing different informative returns, continues to be a common trend in the region.

Latin America update

Diego Muro and Jose Maria Segura

Transfer pricing regulations in Latin America have evolved since their first introduction in the late 1990's, and usually follow the arm's length principle in line with the OECD TP Guidelines (with the exception of Brazil). There is a common trend towards information sharing within the Tax Authorities in the region, as well as increasing levels of analytical sophistication.

Legislative developments

The requirement to document all or most intercompany transactions, including filing different informative returns, continues to be a common trend in the region. Moreover, lately Colombia has joined Argentina, Ecuador and Uruguay in requiring the mandatory filing with the Tax Authorities of the contemporaneous TP documentation report around the time the local tax returns are due.

Chile recently introduced major changes to its TP rules, including the requirement to file an annual sworn statement informing a summary of the transactions carried out with both related and unrelated parties, the methods used to verify the arm's length nature of the intercompany transactions, and information about foreign related parties. In addition, unilateral or multilateral APAs,[1] adjustments and penalties are also contemplated in this new reform.

In Central America, Panama with its diversified financial services sector, as well as El Salvador and Guatemala have recently issued their own TP compliance requirements in line with the OECD Guidelines, introducing mandatory documentation and penalties starting in 2012 and 2013.

Brazil has also recently introduced changes to its TP rules, including new safe harbor thresholds for intercompany loans. Interest on related party loans will be deductible only up to an interest rate equal to the LIBOR dollar rate for six month loans plus a 3% annual spread. Regarding the TP methods landscape, the use of taxpayers' own transactions with third parties as comparables will only be accepted if these transactions are equivalent to at least 5% of the tested transaction.

Most countries do not have safe harbors in place, except for thin capitalization rules and the Brazilian specific regulations. Although Mexico and Colombia have certain thresholds that ease the documentation efforts for small transactions, in general the region has shown limited efforts towards the development of TP simplification measures, as evidenced in the May 2012 OECD survey.[2]

The APA landscape across Latin America has evolved during the past few years. Colombia, Mexico, Peru, Uruguay and recently Chile have introduced APA programs. Although the usage of these APA programs has been limited in the financial services industry, some countries such as Colombia and Peru are introducing some clarification and additional guidance to foster the use of this instrument.

Intercompany Services

Intra-group services share a common pattern of attention for tax authorities in Latin America, an area typically significant within the financial services industry. Most countries have implemented similar conditions for charges to be deductible, taking mostly into consideration:

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1 Advanced Pricing Agreement
2 "Multi-Country Analysis of Existing Transfer Pricing Simplification Measures – 2012 Update". Organization for Economic Co-Operation and Development (OECD) - Centre for Tax Policy and Administration. May 22, 2012.

Latin America update (continued)

1. That the services have actually been rendered (e.g., material evidence such as intercompany agreements, invoices, correspondence, reports, manuals, etc.);
2. That the services are related to the activity performed by the company, are necessary to generate taxable income in the country and are not stewardship charges or duplicative;
3. That the charges are proportional to the activity performed (i.e., expenses are correlated to the income or profit generated) and follow an arm's length compensation structure; and
4. In some cases, both the service and the withholding tax, where applicable, should have been paid prior to the Income Tax return due date (e.g., Argentina).

Practical considerations

Among the requirements described above, the first two are very important. The implementation of local deductibility of foreign provided services needs to be analyzed in detail, as well as the methodology on how to allocate these charges when there is no direct identification of the costs associated with them. For example, countries like Argentina and Mexico may present certain limitations to an allocation of costs generated abroad based on a pro rata share of revenues; while other countries like Chile and Peru may present more flexibility in this matter (always subject to the general local conditions for deductibility).

Several multinationals have also set-up regional or global shared services centers in some Latin American countries, as well as regional headquarters. The provision of services to foreign related entities may face the challenge around the use of the eventual tax credit that might exist due to withholding taxes paid abroad. Other risks include PE (Permanent Establishment) for activities that involve the referral of clients as well as intangibles related to IT development.

The uniqueness and complexity of the Brazilian rules often require detailed TP planning and documentation efforts in the financial services industry to try to reconcile TP policies under OECD and Brazilian models. The provision of services to/from Brazil as well as trading and financing activities may receive local treatment in Brazil that is not necessarily in line with OECD standards. Tax planning implications should be considered to minimize potential double taxation.

The insurance industry is highly regulated in most countries, with considerations that go beyond the TP realm. For instance, in Argentina the reinsurance market is limited to local companies or authorized branches in the country, being reinsurance abroad limited only to a few special cases, even with third parties.

Conclusion

Transfer pricing rules continue to evolve in Latin America, with tax authorities following the global trend to progressively focus more on services and financial transactions. Facing a stricter environment, companies need to be prepared to defend their intercompany transactions in the arising TP audits. Having solid and robust documentation available to support these intercompany transactions is essential to reduce the uncertainty in the local TP environment.

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Pricing Knowledge Network (PKN) and upcoming events

PKN Alert Sweden	Swedish Court gives important guidance on the application of the TNMM	5/30/2012
PKN Alert India	Sixth method (“other method”) for determination of arm's length price prescribed	5/30/2012
PKN Alert Australia	Analysis of bill containing proposed retrospective transfer pricing law changes	6/6/2012
PKN Alert Europe	OECD project on intangibles: OECD relases highly anticipated Discussion Draft of Chapter VI of the OECD Guidelines on “Intangibles”	6/6/2012
PKN Alert Belgium	Draft legislation with a proposed amendment to the Belgian thin capitalisation rule for certain financing activities	6/8/2012
PKN Alert Europe	Transfer pricing highlights from the 2012 OECD international conference	6/18/2012
PKN Alert Denmark	Bill enacted: Danish government initiatives to tighten the grip on multinational enterprises	6/20/2012
PKN Alert Italy	Italian Revenue Agency provides clarity on mutual agreement procedures and EU Arbitration Convention	6/28/2012
PKN Alert Japan	Japan National Tax Agency transfer pricing update—Introduction of transfer pricing survey to evaluate taxpayer efforts to manage transfer pricing	7/9/2012
PKN Alert Australia	ATO compliance program for 2012–2013	7/19/2012
PKN Alert Mexico	10 Key Points affecting Mexico in the draft of the new Chapter VI of the OECD TP Guidelines, pertaining to intangibles	7/20/2012
PKN Alert Korea	Korea's transfer pricing and customs harmonization procedure comes into effect	7/24/2012
PKN Alert China	Chinese tax authorities' latest focus—Equity transfer and valuation for taxation purposes	8/5/2012
PKN Alert Colombia	APA modifications in Colombia	8/16/2012
PKN Alert India	Indian Committee on safe harbour constituted	8/17/2012
PKN Alert Australia	Retrospective transfer pricing law passed by Parliament	8/20/2012
PKN Alert U.S.	US Customs Issues Revocation of ban on Retroactive Adjustments to TP	8/24/2012
PKN Alert Columbia	Transfer pricing requirements in Colombia—Mandatory filing of TP report and due date to file the TP study of FY 2011	8/23/2012
PKN Alert India	Advance Pricing Agreement rules notified in India	9/4/2012
PKN Alert Brazil	Brazilian Government launches system to monitor cross-border transactions involving services and intangibles—SISCOSERV	9/5/2012
PKN Alert Chile	Transfer pricing reform passed by Chilean Parliament	9/7/2012
PKN Alert Panama	Panama amends transfer pricing legislation	9/11/2012
PKN Alert Brazil	Conversion of the Provisional Measure 563 into Law 12,715 ratifies the introduction of changes in Brazilian transfer pricing regulations	9/18/2012
PKN Alert India	Arm's length price for sourcing services—cost-based remuneration model adjudged most appropriate for limited risk procurement support service provider	9/25/2012
PKN Alert Europe	European Commission adopts final report of the EU Joint Transfer Pricing Forum on cost contribution arrangements on services not creating Intangible Property	10/4/2012
PKN Stop Press	UN releases new and updated chapters of its Practical Manual on Transfer Pricing for Developing Countries	10/4/2012

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Upcoming events

TP13 Global Transfer Pricing Conference, San Francisco October 15–18, 2013

For further information about any of these events, please contact your local transfer pricing specialist.

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