

TP Lab – PwC’s virtual think tank to generate transfer pricing thought leadership



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What is TP Lab?

Kicked off in January 2011, TP Lab is a virtual research laboratory made up of nominated members of the global PwC transfer pricing network (the Network). TP Lab generates solutions, approaches, and tools to address technical issues and needs identified by the Network. Solutions are designed to reflect the coordinated wisdom, skills, and depth of the Network and aim to benefit clients around the globe.

We are convinced that deep technical expertise is key in delivering value-adding services to our clients. In this context, TP Lab continuously acts as one of our key thought leadership initiatives for transfer pricing. TP Lab serves as a resource to the Network by providing globally consistent solutions that are based on worldwide transfer pricing expertise and insights.

How does TP Lab operate?

TP Lab’s goal is to conclude between six and eight research projects per year. Each project is staffed by experienced members of the Network with an additional sponsoring partner per research project. Members are newly assigned per project, i.e. Typically, TP Lab assignees work on one project and then cycle back out of TP Lab.

General scope of research

The scope of TP Lab research assignments covers all aspects of transfer pricing, including the following:

- Specific technical issues within a certain transfer pricing sub-domain (e.g. determining appropriate discount rates for intangible property valuation).

General survey-type intelligence on topics of particular interest (e.g. known best practices regarding the interaction of transfer prices and customs).

- Industry-specific analyses of particular questions of interest in transfer pricing (e.g. analysis of contractual agreements in pharma in terms of impact of contractual details on pricing).

The number and variety of research covered by TP Lab since 2011 is remarkable. In addition to the earlier examples, previous research topics include location savings analysis best practices, analytical approaches to making risk adjustments, reviews of best practices in determining the useful life of intangibles, and many others.

Current research assignments

Current research assignments relate to value chain analysis, risk and recharacterisation, and the digital economy, as follows:

- In their research on value chain analysis (VCA), Adam J. Cooper (CA), Emre Furtun (US), Hannes Kammerer (DE) and John Burgess (US) have developed a framework to perform the core competency analysis and entity mapping steps of a VCA. Their research contributes to PwC’s VCA service offering, which is a novel top-down approach to analyse a company’s value chain that makes use of objective data from comparable third party multinationals. Recently, VCA has

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become an important tool under the base erosion and profit shifting (BEPS) initiative of the Organisation for Economic Co-operation and Development (OECD), and TP Lab successfully proved to be the right place to develop and define the components of a VCA.

- In a complex effort, Alejandro Lozano (MX), Jim Matthews (US), Kenny Sun (CH), Marco Fiaccadori (US), Michael S. Mills (US), Pavel Sarghi (LV), Regina Martinez (US) and Ryan M. Decker (US) are surveying current trends and perceptions on risk and recharacterisation and designing (building on, among others, work by Kartikeya Singh and W. Joe Murphy) an analytical framework to address risk in transfer pricing analyses.
- Himanshu Bhandari (IN), Francisco Garcia Valdivia (MX), Marion David (FR) and Sina Litterscheid (DE) are working on a paper that summarises the potential implications of OECD thinking on digital business models from a transfer pricing perspective. Their research is designed to identify solutions for digital economy topics in transfer pricing, which will certainly be a hot topic in transfer pricing over the next decade.

Summary

As a virtual research laboratory, TP Lab brings together joint expertise of the entire Network in order to further PwC’s thought leadership in transfer pricing. TP Lab delivers solutions for important transfer pricing topics and thereby contributes to PwC’s proposition to offer innovative and value-adding transfer pricing services for our clients.



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