BLACKBIRD FOR TRAINING

Fundamentals of Transfer Pricing



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Introduction

This course, co-developed with the OECD, offers an in-depth exploration of transfer pricing from both tax and customs perspectives. Updated in 2015 with financial support from the Ministry of Strategy and Finance, this training is designed for professionals in international trade, focusing on the application of rules of origin and transfer pricing regulations. It highlights the intersection of trade agreements and customs duties as they relate to transfer pricing and provides practical insights into navigating the complexities of international taxation and customs regulations.

Course Objectives

By the end of this course, participants will be able to:

- Understand the importance of rules of origin in international trade and their role in transfer pricing.
- Apply the arm's length principle to determine transfer pricing in transactions between related entities.
- Gain knowledge of various transfer pricing methods and their application in compliance with international trade agreements.
- Understand customs duties and the impact of tax treaties on international pricing practices.
- Master the procedural aspects of transfer pricing, including documentation and dispute resolution mechanisms such as advance pricing agreements APAs and mutual agreement procedures.

Course Outlines

Day 1: Introduction to Transfer Pricing

- What is Transfer Pricing?
  - Understand the transfer pricing definition, its significance in international trade, and its impact on customs duties and tax compliance.
- The Legal Framework
  - Overview of the international tax environment and the role of tax treaties.
  - Explanation of the arm's length principle and how it applies to rules of origin in international trade.
  - Review of OECD transfer pricing guidelines and their role in global taxation.

Day 2: Comparability and the Arm's Length Principle



- Comparability
  - In-depth analysis of the arm's length principle and how it relates to rules of origin.
  - Learn how to assess comparability in cross-border transactions.
- Factors of Comparability
  - Comparability adjustments in determining rules of origin and how they affect customs duties and tax calculations.

Day 3: Transfer Pricing Methods

- CUP Method Comparable Uncontrolled Price
  - How this method impacts transfer pricing and customs duties.
- Resale Price Method
  - Application of this method in international trade for determining transfer pricing.
- Cost Plus Method
  - Practical usage of the cost plus method in calculating customs duties and ensuring compliance with rules of origin.
- Transactional Net Margin Method TNMM
  - How to apply the TNMM for evaluating transfer pricing in line with international trade agreements.
- Profit Split Method
  - Understanding when to use the profit split method in associated enterprises.

Day 4: Transfer Pricing Adjustments

- Compensating Adjustments
  - How to handle primary and secondary adjustments to align with rules of origin and tax laws.
- Repatriation
  - Learn the procedures for repatriating profits in accordance with transfer pricing regulations.

Day 5: Transfer Pricing Dispute Avoidance and Resolution



- Advance Pricing Agreements APAs
    - Procedures for negotiating and implementing APAs and their role in avoiding disputes.
- Domestic Mechanisms and Mutual Agreement Procedure MAP
    - Understand the dispute resolution process through MAP and the role of tax treaties.
- Arbitration Art. 255 OECD MTC
    - The role of arbitration in resolving transfer pricing disputes in international trade.
- European Arbitration Convention
    - Overview of how the European Arbitration Convention aids in dispute resolution in transfer pricing.

Why Attend This Course: Wins & Losses!

- Gain a comprehensive understanding of transfer pricing and its critical role in customs duties and international trade.
- Master the rules of origin in the context of transfer pricing, ensuring compliance with tax laws and customs regulations.
- Learn practical techniques for applying transfer pricing methods like CUP, resale price, cost plus, and others in real-world scenarios.
- Develop the ability to navigate complex tax treaties and international trade agreements, reducing risk and increasing compliance.
- Enhance your understanding of dispute avoidance mechanisms, including APAs, MAP, and arbitration, ensuring smooth international trade operations.

Conclusion

This course provides a deep dive into transfer pricing and its intersection with rules of origin, customs duties, and international trade agreements. By mastering transfer pricing methods and understanding the intricacies of tax treaties, customs procedures, and dispute resolution mechanisms, participants will be equipped to handle complex trade and tax challenges. Whether you are a professional in international trade, taxation, or customs operations, this course will enhance your ability to ensure compliance, minimize risks, and optimize cross-border transactions.

