

Addressing the impact of COVID-19  
Transfer Pricing



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IMPACT THAT  
MATTERS  
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## Supply Chain



- Supply chain changes and impact on costs and margins
- Functions replaced by technology
- Restructuring
- Government initiatives

## People



- Location of significant people and DEMPE functions
- Where is active decision making and risk management taking place?
- PE risks

## Transfer Pricing Policies



- What is arm's length in the current climate?
- Forecast losses
- Cost allocations
- Comparability analysis

## Intercompany Agreements



- Breaching of intercompany agreements
- Termination and force majeure clauses

## Evidence



- Support for arm's length position
- Commercial rationale
- Contemporaneous forecasts
- Internal and external information

## Implementation



- Scenario planning
- Frequency of monitoring and adjustments
- Controls over changes to policies and new data

## Tax Authority Engagement

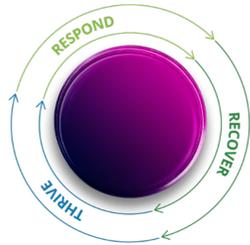


- Existing APAs: review of critical assumptions
- New APAs where restructuring occurred

## Next Steps



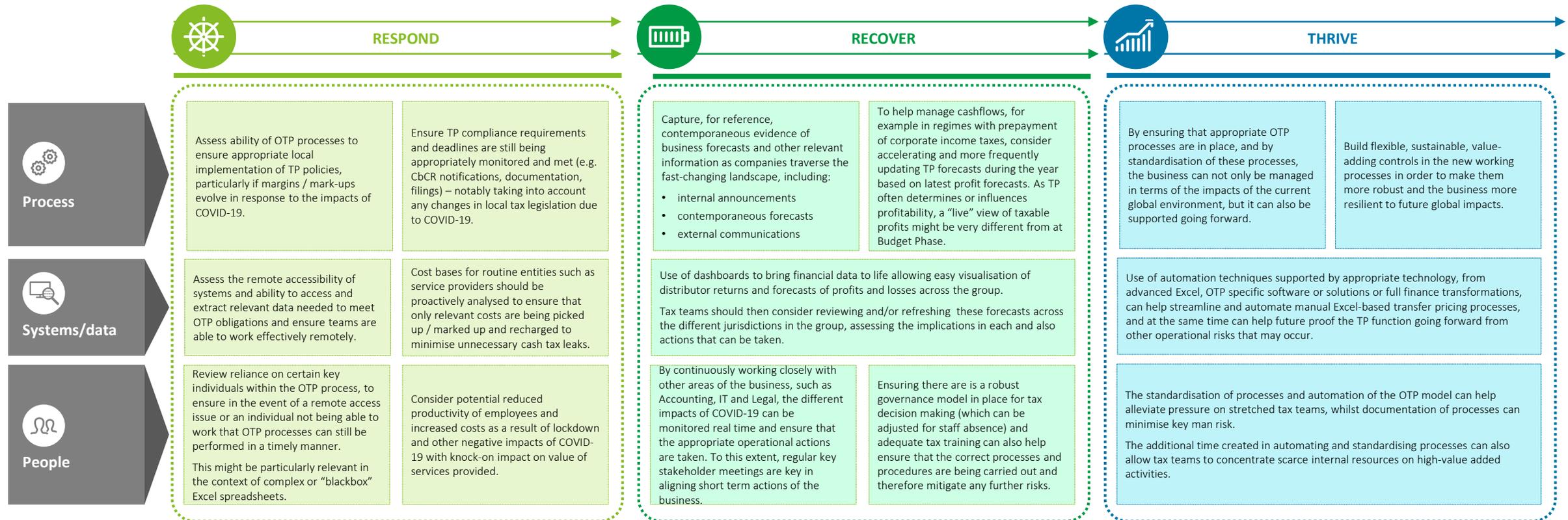
- Re-evaluate supply chain and operating model
- Analyse support for policy changes
- Evaluate tax authority engagement strategy
- Interactions with other taxes



## Addressing the impact of COVID-19

### Operational Transfer Pricing: Mitigating operational risk in the current global environment

As the current global environment forces tax teams to do more with less, focus on preserving cash, reduce costs and provide increased value in a difficult business environment ensuring that efficient and appropriate operational transfer pricing processes are in place has never been more important. With this in mind, there are a wide range of short term responses and more longer term changes that can all help mitigate the potential financial and operational impacts of COVID-19





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