

## Transfer Pricing and Customs Controversy

### Our services in the Kingdom of Saudi Arabia

Many Multinational Enterprises (MNEs) operating in the Kingdom of Saudi Arabia (KSA) are required to comply with the arm's length principle as well as Saudi Customs valuations rules and regulations.

Transfer Pricing (TP) and Customs present many tax, legal and operational challenges. The General Authority of Zakat and Tax (GAZT) has been active in reviewing and auditing MNEs and challenging their TP policies and positions in the KSA. In addition, GAZT has been very active in running joint audits with Saudi Customs (SC) to ensure alignment between TP and Customs value declared upon importation. For many taxpayers, the magnitude of uncertainty and potential financial exposure presents a significant business risk.

In this document, we provide an overview of how Deloitte can assist taxpayers when faced with TP/Customs challenges and assessments from the GAZT and SC.

#### How can Deloitte assist you?

##### ➤ TP and Customs audit defence strategy and readiness

For MNEs looking to minimize their audit and controversy risk, Deloitte has extensive experience in proactively managing these risks and ensuring they are kept to a minimum. Our team of controversy specialists are able to provide practical and informed insights on local tax, TP and Customs requirements.

Our services include preparing for and managing TP and Customs audits, reviewing existing related party disclosures and Customs declarations, intragroup agreements, supporting internal controls and providing tailored trainings for businesses.

##### ➤ GAZT and Saudi Customs audit assistance

Our combined team of local TP and Customs specialists are able to assist with all GAZT and Customs enquiries, including documentation requests, GAZT meetings and field audits, double tax agreement information requests and drafting responses and appropriate defence documentation review and audit correspondence management with SC.

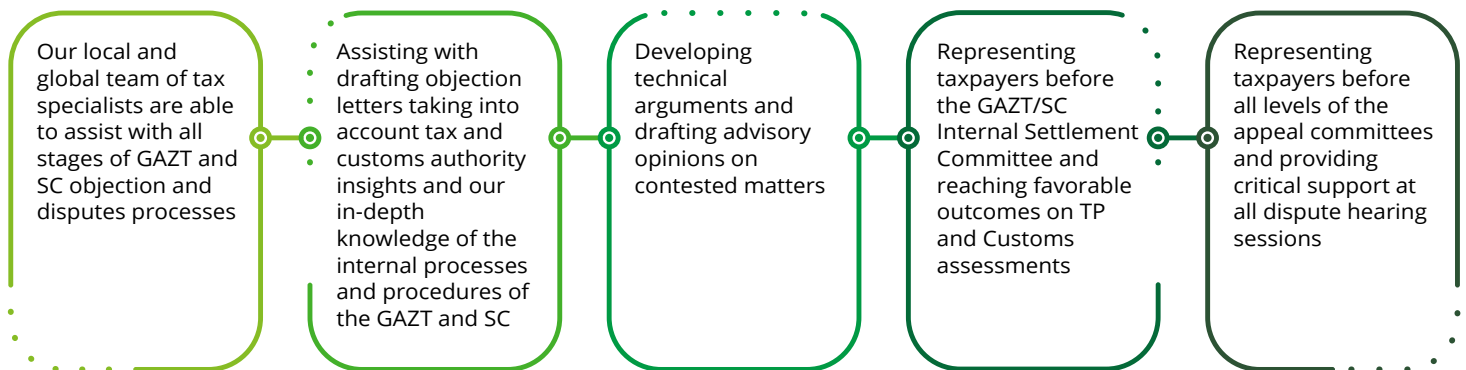
##### ➤ TP and Customs objections and disputes

When TP & Customs controversies or disputes arise, Deloitte's professionals are able to provide assistance with:

- Providing technical and advisory opinions relating to the controversy
- Assisting with drafting and filing objections against the assessments
- Representing businesses at settlement and appeal committees

With our team of controversy specialists including former tax and Customs authority inspectors, lawyers, economists and industry specialists, Deloitte can bring the right resources to the issue.

#### Our services



#### Tax rulings

Although the GAZT/SC do not have a formal Advance Pricing Agreement (APA) program in place, our team of specialists are able to assist you with obtaining a tax ruling/agreement covering TP and Customs valuation matters. This involves drafting such applications, including the technical analysis, and managing the filing and tax ruling/agreement process until a final decision has been reached.

## Mutual Agreement Procedure (MAP)

Given that double taxation may result from TP adjustments, ensuring access to MAP is important when managing your tax controversy strategy. Our local and global team of experts are able to assist you on the applicability of MAP to your situation and how it may mitigate material potential risks to the group.

### Deloitte's TP and Customs controversy strengths

01

#### Global network

We are a global network of member firms with more than 300,000+ specialists in over 150 countries. These professionals include previous tax and Customs authority inspectors, lawyers, auditors and tax consultants with diverse private sector experiences.

02

#### Specialized knowledge

We understand the complexities involved in managing tax and Customs audits, TP and Customs controversies. Our team of experts are equipped with the necessary experience and we specialize in all aspects of the controversy lifecycle including audit readiness, managing transfer pricing reviews, objections and disputes, tax rulings/agreements and APAs and post-audit support.

03

#### Local team

Our Middle East team includes several Arabic speaking TP and Customs professionals, who are able to assist you with all aspects of tax controversy and communicate effectively with in the GAZT/SC.

### Contacts

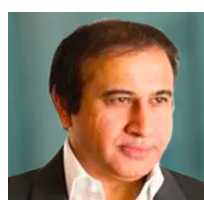
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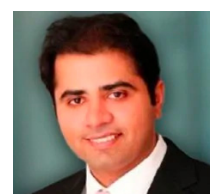
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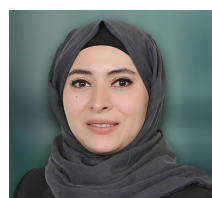
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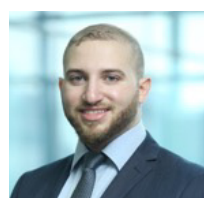
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