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Deloitte Tohmatsu Tax Co.
Transfer Pricing Consulting
Services

Improve your transfer pricing
approach today

Forward Thinking

The transfer pricing specialists of Deloitte Tohmatsu Tax Co. will help you focus on aligning your transfer pricing program with your needs and overall business goals

Your issue

How many tax issues are as complicated, demanding and risky as transfer pricing? Not many. The cross-border movement of goods and cross border transactions involving intangibles and services can have far-reaching consequences. The inexorable globalization of trade in recent years has resulted in a majority of the world's trade being conducted between related entities. This phenomenon has not escaped notice by the world's tax authorities, who have responded by enacting stringent transfer pricing legislation and devoting increasing resources to enforce such legislation. In Japan, the National Tax Agency views transfer pricing enforcement as a foremost priority. In the current environment of heightened risk awareness, consequences of non-compliance can be severe: from penalties, interest charges and double taxation to economic and "reputational" costs of time-consuming disputes.

Beyond tax compliance, transfer pricing plays an important role in several key performance areas: minimizing the corporate tax burden, enhancing operational performance through streamlining transaction flows, reducing legal exposure and overall risks, and increasing cash flow. It is an issue that has gained in relevance and in as companies increases the

global scale of their business and aspires to growth and market leadership.

We can help

The transfer pricing specialists of Deloitte Tohmatsu Tax Co. can assist you in all facets of transfer pricing, from compliance through planning and strategizing. We can help:

- Document your transfer pricing method in all relevant countries
- Develop and implement a plan for reducing your global, regional, or Japanese tax burden
- Harmonize your transfer pricing system to reduce your transfer pricing tax exposures and increase your internal efficiencies
- Introduce you to the possibilities offered by advance pricing agreements
- Manage all aspects of a transfer pricing controversy
- Coordinate negotiations with competent authorities to eliminate double taxation

Our team will work closely with you to help assess your company's transfer pricing situation, including analyzing all relevant facts and circumstances from the perspectives of compliance burden, operational and tax efficiency and the likelihood that your transfer pricing system can withstand a tax audit.

Together, we will explore an effective, integrated strategy for managing the many complex issues involved with transfer pricing for the financing and movement of goods, services and intangibles across national borders.

Assessing, refining and/or updating your transfer pricing program offers many advantages. Rationalizing your pricing policies and mechanisms on a Japanese, Asia-Pacific regional or global scale can result in immediate and sustained improvements in after-tax earnings. And, having a defensible transfer pricing system can significantly reduce the tax compliance costs associated with transfer pricing audits, which could include the unproductive use of corporate resources, increased legal and regulatory risks, additional, unplanned advisory fees, and, in general, an

unproductive employment of your valuable corporate time and capital.



The Tohmatsu Tax difference

Our multifunctional, multicultural and multilingual team of transfer pricing economists and tax professionals based in both Tokyo and Osaka is dedicated to, and exclusively focused on, helping our clients successfully manage their Japanese and global transfer pricing affairs. Our seasoned specialists have extensive experience with designing, implementing, documenting and defending transfer pricing policies for Japanese and foreign multinationals in a wide range of industries. We offer you the skill set, service attitude and a proven track record solving problems and providing creative solutions for many multinational companies, and we can bring a truly international perspective to transfer pricing trends and regulations that affect companies operating in Japan.

Deloitte Tohmatsu Tax Co., Transfer Pricing Team is part of Deloitte Touche Tohmatsu

Limited (DTTL), one of the world's largest global networks of professional services providers. Through the member firms of DTTL, we can provide you access to a wide range of transfer pricing resources from around the globe.

As the world of transfer pricing regulation continues to expand, with more and more countries adopting aggressive transfer pricing regimes, "one size fits all" approaches no longer work. We can help you to ensure that your transfer pricing needs are addressed in an efficient, integrated and systematic way. Our global transfer pricing team has specialists in more than 57 countries, and is uniquely positioned to provide you with insights into the increasingly demanding transfer pricing policies of countries around the world. Many of our experts were independently recognized among leaders in transfer pricing services in Japan and worldwide. As part of the global

network, our people team up and collaborate to ensure that your services are delivered in a well-coordinated and integrated way. Our Japanese and global transfer pricing team provides you with a number of key advantages, including:

- We understand the transfer pricing issues unique to cross-border transactions involving Japan and we can help you develop a tax-efficient strategy and process, comply with the requirements for meeting the arm's length standard, and avoid controversy
- Our specialists have extensive experience with developing, supporting and defending transfer pricing methodologies for multinational companies in a wide range of industries
- By integrating our planning, documentation, and dispute resolution capabilities in Japan and in other countries worldwide, we can help manage your transfer pricing objectives on a global basis
- Our specialists have in-depth knowledge and considerable experience dealing with the complexities of transfer pricing issues involving Japan and most of its trading partners, including the "emerging" transfer pricing regimes in Asia Pacific, Eastern Europe, and Latin America
- Our professionals, recognizing the complexities of international business, pair with your tax, finance, and operations specialists to integrate transfer pricing issues with tax and other business considerations and current trends to make sure strategies in one area do not counteract other efforts
- Our highly experienced economists apply practical, creative and advanced rules and techniques to help you determine and support the correct price, or the range of

prices, for your goods, services, or intangibles

- Our firm enjoys excellent reputation with the tax authorities for professionalism and an ethical approach, resulting in a more cooperative and producing negotiating environment
- We have a unique global team of former competent authorities and senior tax officials best positioned to resolve disputes with tax authorities
- We understand not only the stated transfer pricing requirements, but also the "hot button" issues that tax authorities are likely to focus on, and we apply our skills and knowledge to represent your interests before tax authorities
- Our specialists use *Transfer Pricing Architect™*, our proprietary software to develop tailored transfer pricing analyses and solutions quickly and efficiently
- We provide you with the highest quality of services and results

At Deloitte Tohmatsu Tax Co., innovation and creativity are our hallmarks, and we pride ourselves in providing the best transfer pricing services to our clients. We have the experience, local knowledge, global resources, technology, and coordinated approach you need to elevate the return on your investment in transfer pricing compliance and planning. With so much at stake, why settle for less than the best?



Our approach

Discover the value of a proactive approach to transfer pricing through our comprehensive portfolio of expert services.

Transfer pricing consulting

Increasingly, countries are enacting regulations and strengthening enforcement standards. Failure to prepare for this new environment may result in costly penalties and interest charges, and time-consuming disputes. You can focus on managing both risks and opportunities by working with our planning specialists to explore practical but creative techniques and tools to help ensure your company complies with the arm's length standard.

Our multifunctional team of economists, accountants and tax professionals apply a great deal of professional judgment to measure such subjective concepts as "reliability" and "comparability." They apply creativity, practical knowledge, advanced analytical techniques, and useful technology to explore the best transfer pricing strategy for your company. Our transfer pricing specialists can assist you in understanding and assessing the transfer pricing risk exposure associated with your current and future cross-border transactions as well as in developing and implementing an effective and efficient risk management strategy.

Our proprietary *Transfer Pricing Architect*[™] software is among the most powerful transfer pricing analysis tools available today to model various "what if" alternatives, analyze various transfer pricing methods available and help you select an approach that best meets your requirements, and reassess your transfer pricing results every year, working towards preparation of compliant documentation. In the

end, our goal is to align our transfer pricing solutions with your global business objectives.

Documentation services

Transfer pricing documentation is the backbone of your strategy, used to demonstrate that your company's policies are in line with regulatory requirements. A number of countries now require that taxpayers prepare comprehensive documentation supporting their transfer pricing, and apply heavy penalties for taxpayers that fail to meet this requirement. In Japan, the tax authorities require taxpayers to disclose the transfer pricing methodologies used for cross-border intercompany transactions on Schedule 17(3) that should be filed with the tax return, and consistently request from the taxpayers comprehensive documentation supporting the transfer pricing method(s) disclosed in the Schedule.

For many multinationals, the prospect of preparing documentation in all the jurisdictions in which they operate can be daunting. Our transfer pricing professionals have conducted hundreds of transfer pricing studies and comparables analyses, including multilateral studies that can be presented to the tax authorities in multiple jurisdictions. Our understanding of the transfer pricing laws in Japan and across many countries allows us to develop and document transfer pricing analyses to support your methodology.

Transfer pricing documentation goes beyond simply collecting data, and our professionals are highly adept at developing documentation programs that fit your company's needs for the present and the future.

Audit defense and competent authority services

Given the current audit climate in Japan, preparing for a transfer pricing audit can be a nerve-racking and time consuming exercise. The professionals at Deloitte Tohmatsu Tax Co. can assist your organization in developing a robust and vigorous audit defense strategy. We have extensive experience in dealing with the Japanese tax authorities in all stages of a transfer pricing audit, including providing support for preparation of responses to the information requests from the tax authorities, advising on the procedural aspects of a transfer pricing controversy, developing and substantiating an audit defense strategy to eliminate or reduce transfer pricing adjustments.

One consequence of an audit is the threat of double taxation. Taxpayers can seek relief from double taxation under the competent authority or mutual agreement procedures of most income tax treaties. Effectively navigating those waters is not easy. Our team is also part of the Global Transfer Pricing Team of Deloitte Touche Tohmatsu Limited (DTTL) network of member firms, which includes specialists who recently served as their country's competent authority. We can help you focus on designing and executing Japanese or a bilateral/multilateral competent authority strategy that helps optimize your chances of success.

Advance pricing agreements (APAs)

These binding agreements between the government and a taxpayer set out terms and conditions for transfer pricing over a multi-year period. APAs can give you peace of mind since they provide transfer pricing certainty of tax treatment, freedom from exposure to adjustments, interest and penalties, time and cost savings, and a non-adversarial negotiation

environment. But not all APA negotiations are the same, and this is one area where experience is crucial.

Deloitte Tohmatsu Tax Co. has a successful record of negotiating satisfactory APAs for clients, having embraced this alternative dispute resolution program from its inception. Our APA professionals have negotiated hundreds of cases in a wide range of industries involving tax authorities in Japan, US, Europe, Australia and Asia. Whether you seek an APA to lock in a planning benefit or as part of an audit defense strategy, we will expertly guide you through this unique process.

Design and implementation of global earning mobility strategies (GEMS)

Deloitte can help your company elevate transfer pricing from a compliance burden to a strategic advantage. Strategically restructuring the value chain in a tax efficient manner is one of the ways we can help companies to develop and implement innovative global transfer pricing policies that provide optimal tax outcomes while minimizing transfer pricing risk.

Our transfer pricing professionals can assist you with developing and implementing an integrated global strategy for managing the complex issues surrounding the internal and cross border transfer of intangibles, goods and services, as well as with international financial transactions

As part of the Deloitte Global Transfer Pricing Team, we also understand the importance of getting the details right in each local area. Our international experience and close working relationships with the rest of our global team mean that we can deliver global solutions tailored to meet local needs.

Savvy global executives understand that transfer pricing is no longer solely an accounting department issue...it is a complex, multifaceted component of corporate strategic planning and executive decision-making.

Contacts

We look forward to working with you to address all your transfer pricing strategies and needs. For more information about transfer pricing, please contact us at www.deloitte.com/jp or

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