

**Deloitte.**

International Taxation  
Conference 2010  
Transfer Pricing Disputes and  
their Prevention

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# Practical issues around dispute resolution and prevention

## Triangular Cases

- Typically CA and arbitration are aimed and resolving disputes between two parties
- Often the issue at dispute is involving three parties i. e.:  
*Japanese parent manufacturer delivers goods to central distribution company in Belgium which distributes to local distributor in Germany.*
- Issue: What is the best process to deal with such cases?

# Practical issues around dispute resolution and prevention

Time frame for CA and arbitration cases

- Germany currently has more than 600 open CA cases/more than 2700 in all OECD countries
- 2 year time proposal as prescribed in OECD-MEMAP in practice hardly ever met
- Double taxation not avoided because frustrated taxpayer withdraws from proceeding

# Practical issues around dispute resolution and prevention

## Pre-adjustment dispute resolution

- Because of time consuming CA process taxpayers are looking for practical alternative
- Encourage tax auditor to informally contact responsible local tax office in other country
- Has worked between Germany-France, Germany-Netherlands, Germany-Belgium
- “Agreement” on adjustment and corresponding adjustment
- Corresponding adjustment is included in amended tax return and is accepted by local tax office

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