



**HM Revenue  
& Customs**

# **Transfer Pricing Dispute Prevention: a view from HMRC**

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# Transfer Pricing Disputes

- Big risk for tax authorities
- Top tax compliance concern for large business
- Expensive for tax authorities and business

# Preventing Transfer Pricing Disputes:

- HMRC's Large Business strategy
  - customer relationship management
  - managing compliance risk
- HMRC's approach to Transfer Pricing
  - governance
  - managing enquiries/audits
- HMRC's APA programme
- An international approach – Joint Audits

# Approach to Risk Assessment

- The Customer Relationship Manager (CRM) model.
- Understanding the business and behaviours of our customers.
- Applying appropriate and proportionate responses.

# Framework for managing compliance risks

- “Low” risk customers.
- High Risk Corporates Programme (HRCP).
- Real time working.

# Transfer Pricing governance structure

- The Transfer Pricing Group:
  - Specialists
  - Panels
  - TPG Board

# Transfer Pricing governance: outcomes

- Increased professionalism.
- Consistency of approach.
- Early certainty & speedy resolution.

# Transfer Pricing - managing enquiries/audits

- Getting the basics right.
- Use of experts.
- Joint modelling.



# Advance Pricing Agreements (APAs)

- The advantages of APAs - certainty for the future and real time discussions.
- HMRC's approach:
  - Transparent process – APA guidance recently updated and improved.
  - Informal pre-filing meetings strongly encouraged.
  - Flexibility (according to the circumstances).

# Advance Pricing Agreements (APAs)

- Bilateral vs. unilateral APAs.
- Feedback from Business.
- Current trends.

# Joint Audit – an alternative way forward

- The OECD – FTA approach.
- Objectives and benefits.
- Wider scope:
  - Risk assessment.
  - Collaborative case working.