



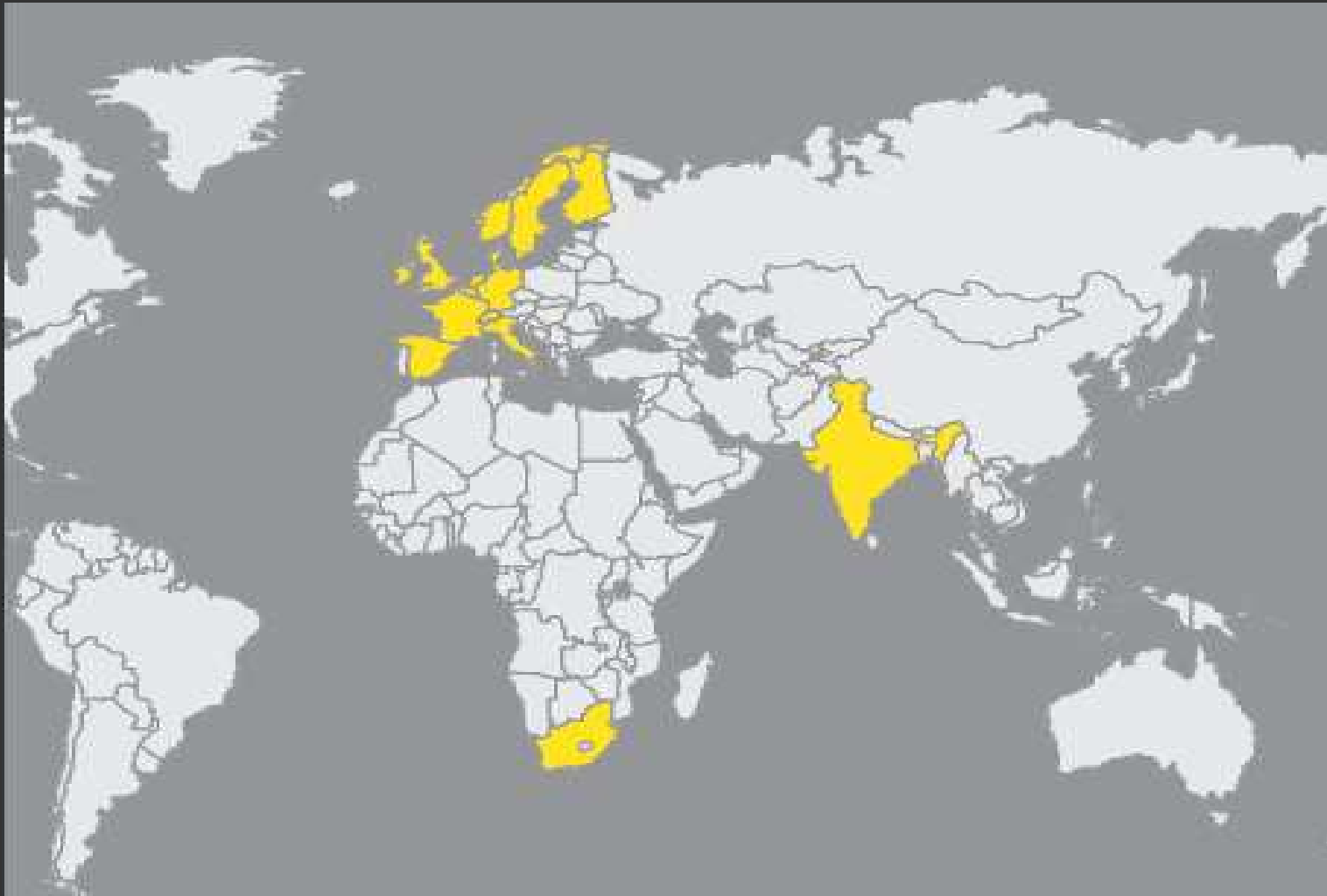
# Country Experiences Europe

Monique van Herksen  
Global Transfer Pricing Controversy

 **ERNST & YOUNG**  
*Quality In Everything We Do*

# EY Global Transfer Pricing Survey: EMEIA focus

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# TP audit experiences

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- ▶ 65% percent of respondents have undergone a TP examination since 2006, with 28% resulting in adjustments.
- ▶ All categories of transactions were viewed as being more susceptible to audit by revenue authorities in 2010 than in 2007.
- ▶ In audits resulting in adjustments, parent respondents indicate that revenue authorities threatened to impose penalties in 35% of cases, a slight increase from 31% in the 2007 Survey.
- ▶ Penalties were imposed in 19% of cases.

# TP audit experiences: country by country

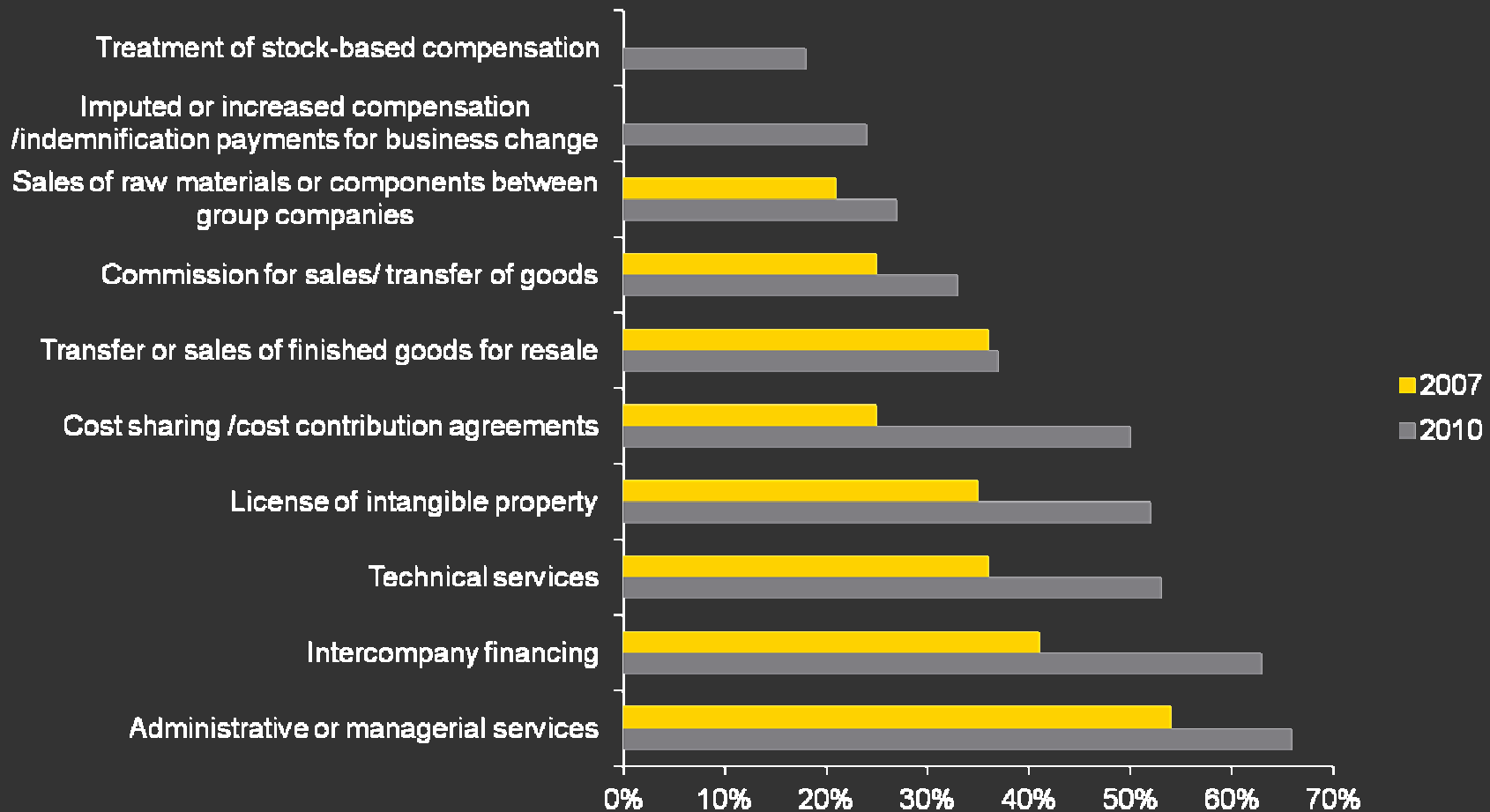
- ▶ U.S. and other mature TP jurisdictions head the list, but significant increase in audit activity in China and India.

## Audit activity by jurisdiction (parents)

	2010	2007
United States	36%	31%
Germany	32%	31%
France	21%	27%
UK	19%	27%
Canada	18%	23%
Italy	13%	15%
China	12%	4%
Australia	11%	11%
India	11%	6%
Japan	9%	12%

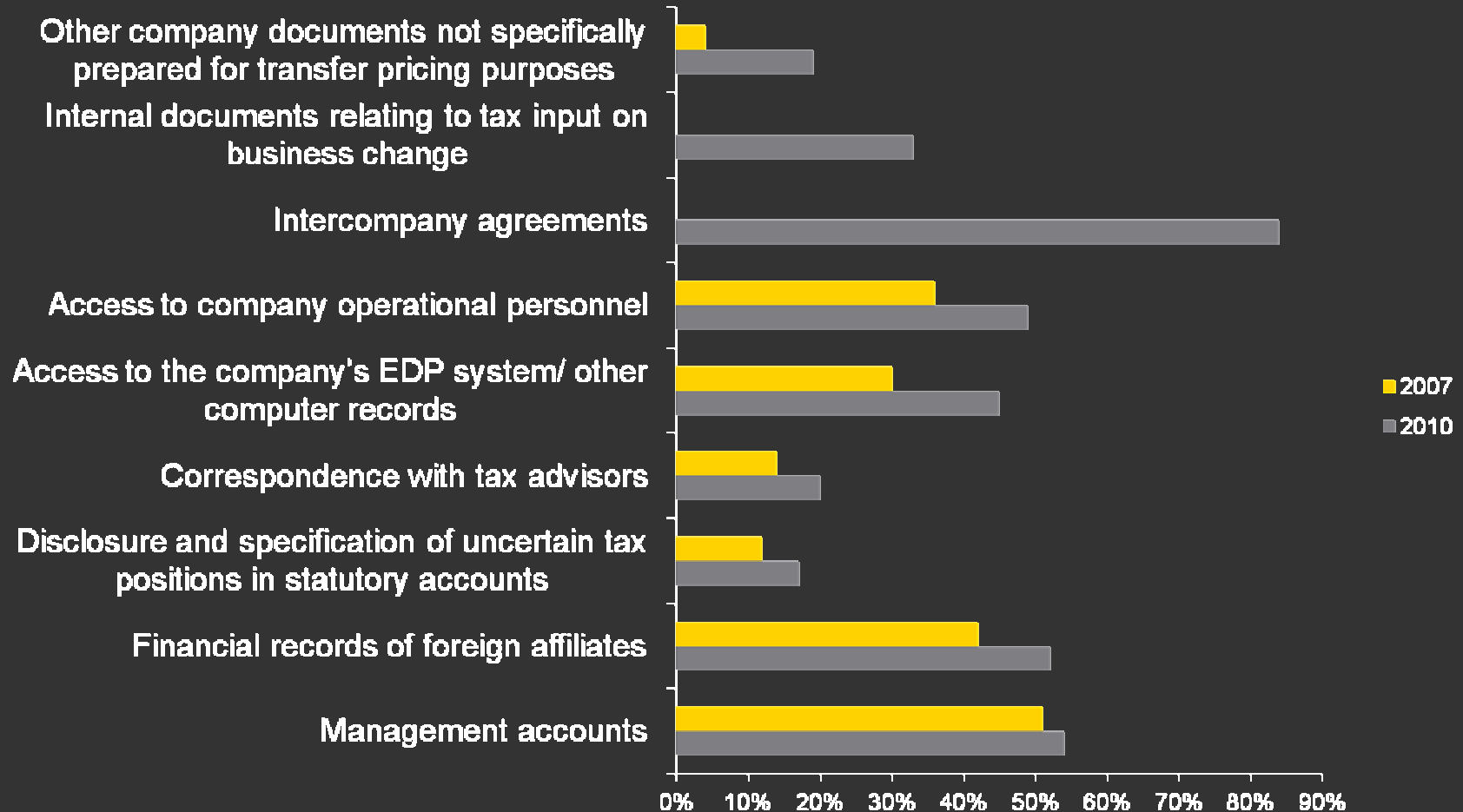
# TP audit experiences: susceptible transactions

## Transactions susceptible to tax authority review (parents)



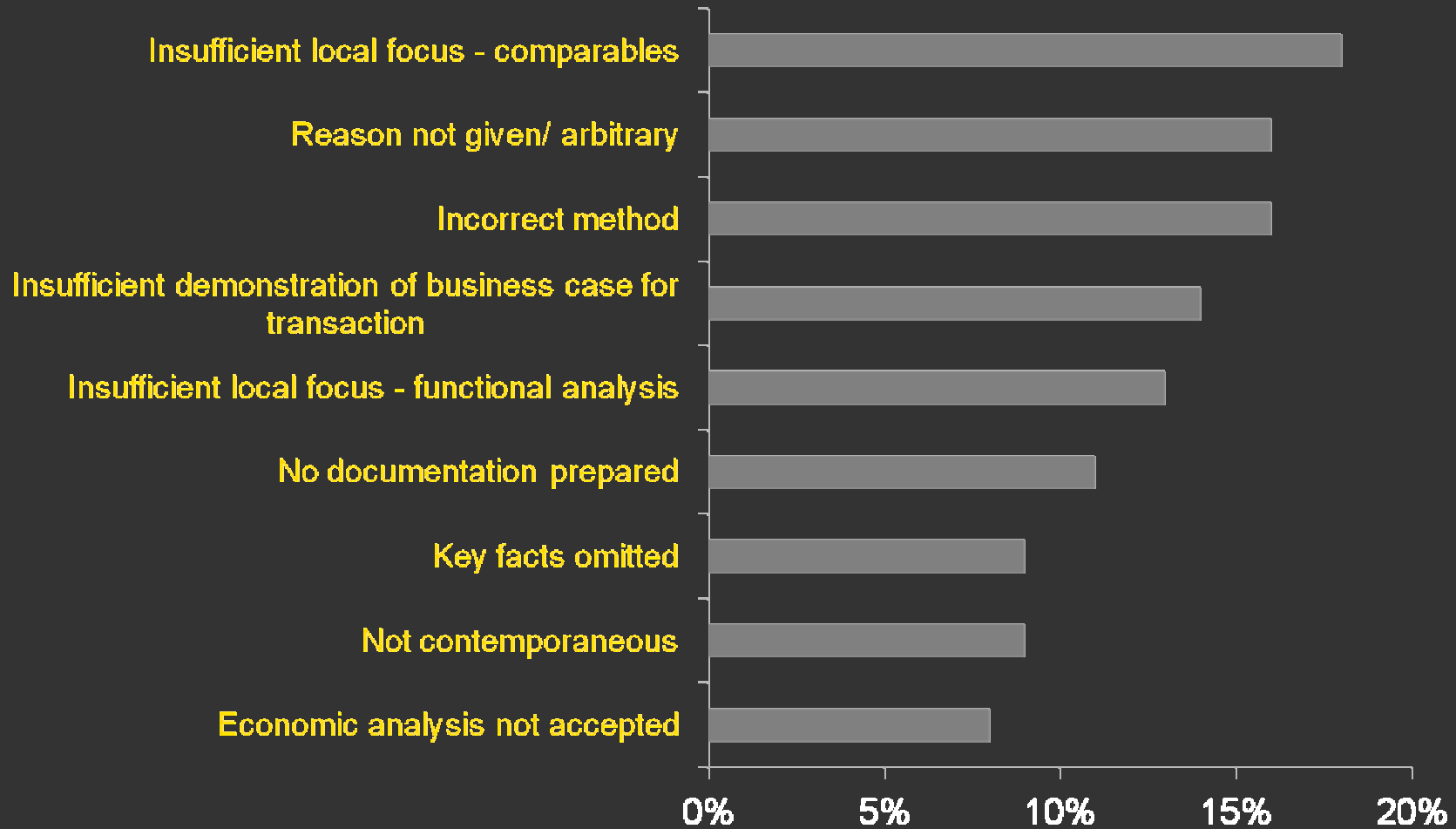
# TP audit experiences: audit requests

## Requests made in TP audits (parents)



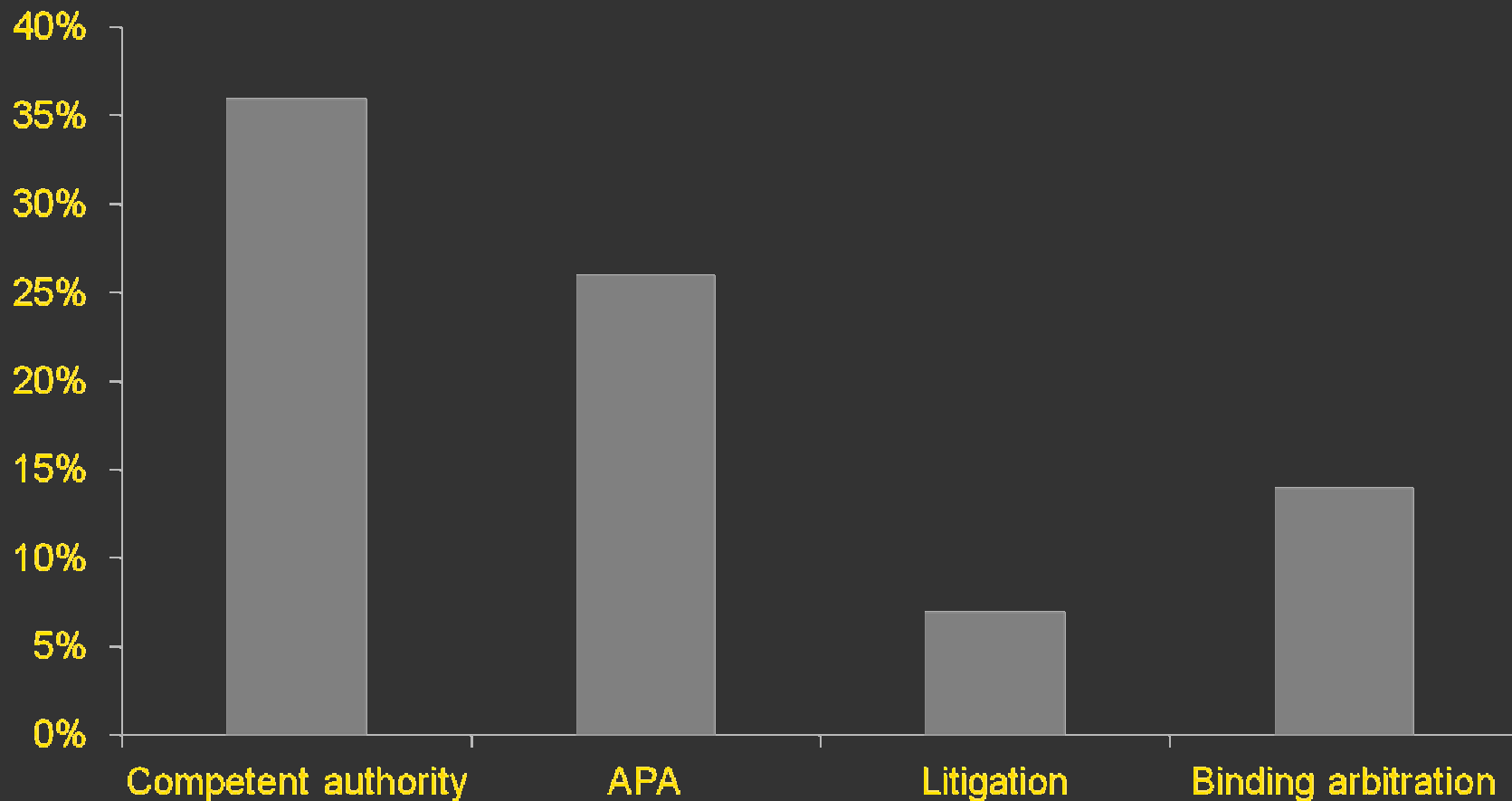
# TP audit experiences: documentation risks

Basis on which documentation determined to be inadequate (parents)



# Controversy risk management practices

## Preferred methods of resolving TP disputes (parents)





# Increasingly pushing of taxpayers to accept (settle) unsubstantiated adjustments

- ▶ Italy and Germany leading the pack on this issue
- ▶ Worrisome developments:
  - ▶ Settlements are often penalty driven
  - ▶ Avoidance of double taxation in issue/barred
- ▶ Approaches used to circumvent this become more problematic:
  - ▶ Filing for relief in other jurisdiction(s)
  - ▶ Hiding the tax credit/including correlative relief in a later year

# Questions

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