

## PRESS RELEASE

<b>Key Contact:</b>	<b>Jeff Naqvi</b> Global Deputy Chief Marketing Officer E: <a href="mailto:jnaqvi@salans.com">jnaqvi@salans.com</a> T: +44 207 429 6029	<b>Sandra Hazan</b> Co-Head, Global Tax Group E: <a href="mailto:shazan@salans.com">shazan@salans.com</a> T: +33 1 42 68 48 00
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### **When will the tax world unite on transfer pricing?**

The increase in transactions, from asset sales to entire operations, between groups belonging to the same parent company has given rise to a new battle ground between global corporations and tax regulators: transfer pricing documentation. At the core of the argument is the need to preserve the “arms-length principle”, a concept designed to ensure that in the same way transactions between two separately-owned companies are subject to fair market dynamics, intra-group transactions are also subject to the same level of scrutiny.

Speaking at the launch of the firm’s latest Vox Tax report, which focuses entirely on the issue of transfer pricing documentation regimes across developed and emerging markets, Co-Head of the Global Tax Group Sandra Hazan commented that whilst there are still major differences across countries, the path to a global standard in documentation requirements may be closer than at first thought. “We are already seeing regions coming closer together on transfer pricing documentation. There is the PATA (Pacific Association of Tax Administrators) directive which takes in Australia, Canada, the US and Japan and on the heels of that, the EU approved a region-wide Code of Conduct in relation to transfer pricing documentation.

“Of course, the devil is in the detail and integration of such a Code into the national tax regimes of 27 European Union Member States is going to be quite a challenge. But what we are seeing is a real push by national administrations to forge common ground as soon as possible, such as in the area of responsibility and obligation, whilst the more slow-burning areas may take longer to be realised, if ever, such as effective global taxation rates.”

The report follows a noted trend in multinational corporations making significant investment in advisers to assist in optimising their tax structure in the wake of the global recession. National tax agencies are particularly focused on intra-group transactions, since there can be internal pressure within multinationals to shuffle operations between different legal entities of the same parent company in order to improve balance sheets across the board.

Hazan continues, “Many companies are faced with the dilemma of having a select few shining stars in their global portfolio, or a larger number of stable but not dazzling performers. The decisions they take have an obvious tax consequence and the report aims to bridge some of those gaps in cross-border transfer pricing.”

In response to the increased focus in this area, Salans has launched a new service to clients, offering the preparation of all transfer pricing documentation across all major jurisdictions for client transactions. The firm’s footprint across both developed



and emerging markets means that developments taking shape at a global and regional level are able to put into a national context.

Hazan says, “The new service offering addresses the needs of many clients who previously had to talk to multiple advisers in multiple jurisdictions and then try and process all of that information internally to ensure compliance with a multitude of requirements.”

The full report is available at Salans’ new-look website [www.salans.com/voxtax](http://www.salans.com/voxtax)

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### Notes to Editors

The full report of the Salans Vox Tax Transfer Pricing Documentation Survey is available from [www.salans.com/voxtax](http://www.salans.com/voxtax), or alternately printed copies are available using the contact details above.

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