

Transfer
Pricing
OECD

Ireland's attractive features make it a prime business location for many of the world's leading businesses. Ireland has:

- A favourable tax environment.
- Strategic location with easy access to the EMEA region and a time zone between Asia and the US.
- Highly educated workforce and a magnet for top international talent.
- High concentration of leading multinationals.
- A pro-enterprise environment.
- Low start-up regulations and relative ease to establish a business.
- A strong legal framework for the development and protection of intellectual property rights.

Irish taxation system overview

The standard rate of corporation tax is 12.5% which applies broadly to trading profits. The 25% rate applies to passive non-trading income. Certain dividends from EU and tax treaty territories are taxed at the 12.5% rate. In addition to corporation tax, companies in Ireland are subject to capital gains tax, stamp duty, value added tax (VAT) and customs duties.

Transfer pricing

Transfer pricing is concerned with the pricing of transactions between connected companies and is a key issue facing multinational companies that are operating in a global environment of unprecedented complexity. With the rising volume and complexity of inter-company transactions and transfer pricing regimes, companies need to ensure that their transfer pricing policies are addressed as a fundamental part of their global tax management. With the increase in exchequer deficits in many countries and the focus on collection of taxes to mitigate those deficits, tax authorities worldwide are now scrutinising transfer pricing methodologies with increasing frequency and imposing strict penalties for non-compliance.

Ireland introduced a formal to transfer pricing regime in 2010. The regime applies to companies and Irish branches within the charge to tax on their trading activities in Ireland for accounting periods beginning on or after 1 January 2011.

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The law applies to arrangements (broadly any agreement or arrangement whether or not it is intended to be legally enforceable) involving the supply or acquisition of goods, services, money or intangible assets between associated persons where the profits, gains or losses arising from the arrangement are within the charge to tax as trading activities.

There is a formal transfer pricing documentation requirement. Companies are required to have available records for the purpose of determining whether trading profits of a company are computed in accordance with the arm's length principle.

Grandfathering of arrangements 2010

The legislation allowed for grandfathering of arrangements where the terms were in place and agreed by both parties before 1 July 2010. Where arrangements between affiliates were grandfathered before that date, the documentation requirements do not apply to these arrangements. To the extent that the fundamental terms of an agreement are amended after 1 July 2010, the transaction will most likely lose its grandfathering status and fall within the remit of the transfer pricing regime.

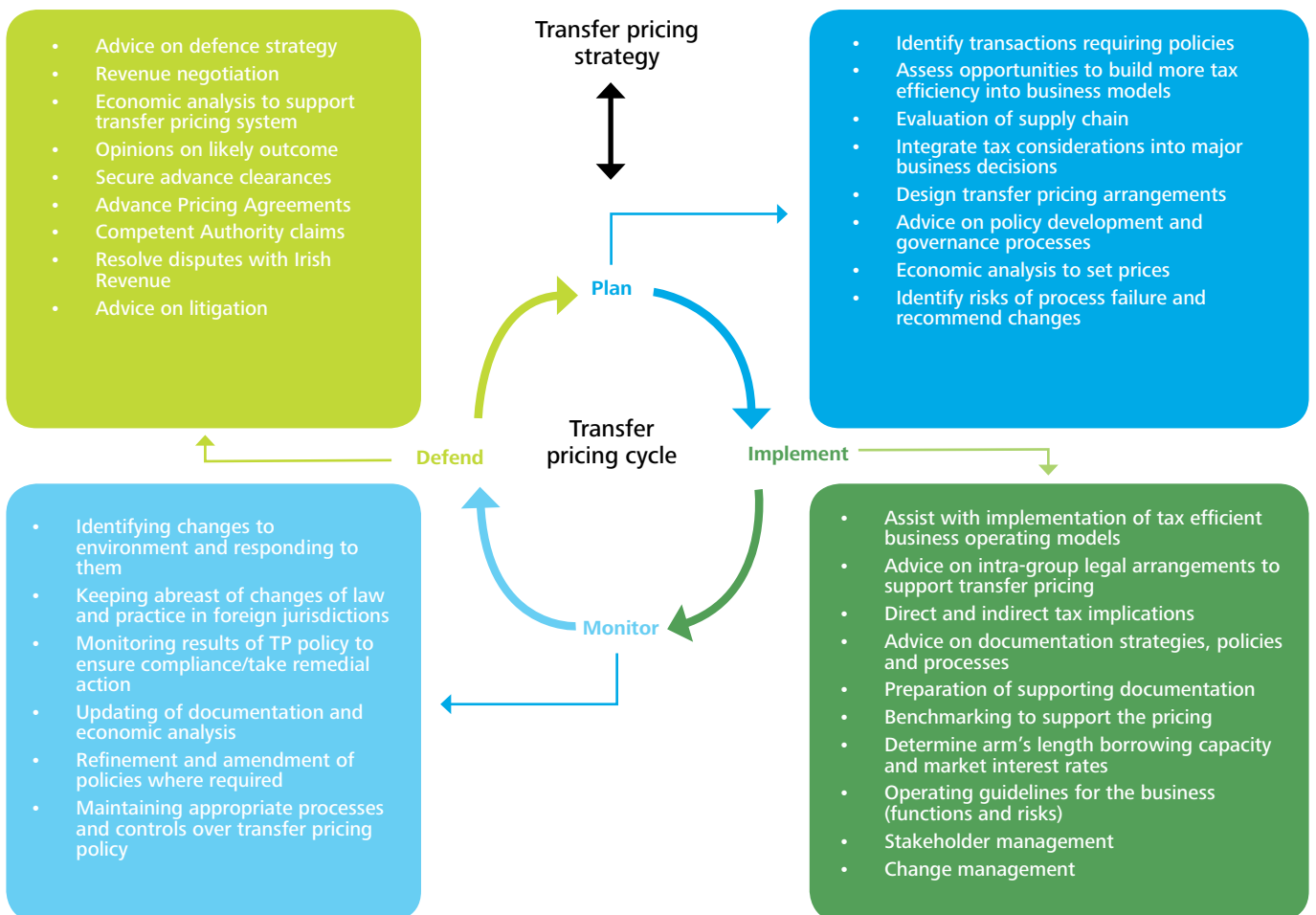
How we can help

Deloitte Ireland has significant experience in providing businesses with the full suite of transfer pricing services on a worldwide basis with the assistance of our global network of transfer pricing professionals. Deloitte member firms have had more specialists listed by Legal Media Group among the “World’s Leading Transfer Pricing Advisors” than any of our competitors, for several years in a row. Deloitte has been consistently voted by Euromoney magazine as the World’s Leading Transfer Pricing Advisors, which is a testament to our commitment and ability to deliver value to our clients. We have also recently been recognised as the leading international tax firm by International Tax Review.

Our services

- Advice on the impact of Ireland’s transfer pricing regime on clients’ operations as well as requirements under other countries regimes.
- Advice on documentation requirements to be met in Ireland and other jurisdictions.
- Preparing transfer pricing documentation to support the pricing of intercompany transactions including management services, purchase/sale of goods, royalties, lending etc.
- Discussions and negotiations with tax authorities in relation to transfer pricing adjustments.
- Discussions with tax authorities in relation to Advance Pricing Agreements (APAs).
- Advice and implementation of supply chain planning projects to align business objectives with tax optimisation.

Transfer pricing life cycle:



Transfer pricing global documentation

Multinational companies and enterprises no longer view transfer pricing from a unilateral, single-country perspective. Traditional, single-country transfer pricing documentation approaches can be costly, time-consuming and resource-intensive. Today's multinational companies demand flexible solutions that effectively deliver global compliance. We can help you meet these challenges.

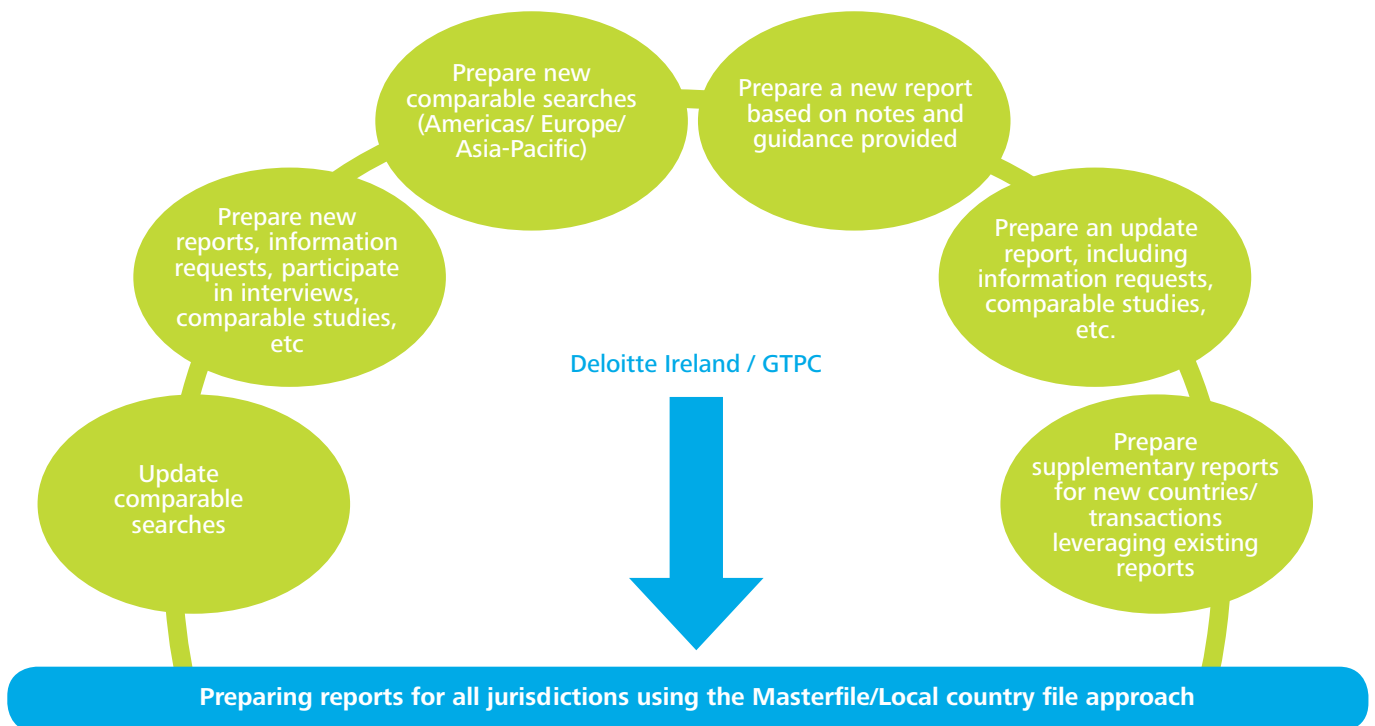
- Scalable, cost effective, multiple country transfer pricing documentation compliance solution.
- Prioritised roadmap for preparing, managing, and enhancing transfer pricing documentation that appropriately balances risks and costs.
- Uniform and transparent approach to transfer pricing analysis and documentation across countries and regions.
- Consistently applied methods and tools.
- Centrally coordinated project management.
- Leverages the power of Deloitte's global transfer pricing network for expert local opinions and perspective.

Global Transfer Pricing Centre (GTPC)

Deloitte Ireland, in conjunction with our GTPC in India, can provide a cost effective global documentation service. Documentation will be prepared by a multi-disciplinary engagement team comprised of transfer pricing professionals with backgrounds in economics, accounting and management. Deloitte Ireland manage the process and our team members have experience on the ground in India and work with our GTPC colleagues to provide a seamless service including full US and pan-European documentation, that contains all the core elements as required in the US Internal Revenue Code, OECD Transfer Pricing Guidelines and local country requirements.

Enhanced documentation capabilities with access to multiple databases

Deloitte Ireland in conjunction with the GTPC – range of services



Business Model Optimisation (BMO)

In light of today's dynamic global economic environment and the potential for legislative changes, assessing a multinational's global business model may no longer be an optional exercise. Our BMO team, provides high quality, customised tax and business model transformation services.

Our team led by Paul Reck, Partner, comprises tax professionals with extensive expertise in transfer pricing, international tax, and indirect tax and customs who have a proven track record of delivering value added services to clients.

We focus primarily on global supply chain, intellectual property planning, treasury and cash management, and seeking to align business objectives with tax minimisation. Our goal is to help multinationals integrate their operational and tax planning in a scalable and sustainable way to allow business leaders make more effective decisions on an after-tax basis.



Transfer pricing transactions

Transfer pricing affects a very broad and diverse range of intercompany transactions. Whether the transaction is large or small the issues that need to be addressed are fundamentally the same. There is a need for a strategy that considers transfer pricing decisions and documentation requirements to ensure that the transfer pricing tax risk is fully managed. Typical large scale intercompany transactions that generate transfer pricing issues include:

1. The establishment of an EMEA or global hub in Ireland to manage and provide services to international affiliates.
2. Restructuring of a group's supply chain where there are operations such as manufacturing, R&D and distribution in Asia-Pacific.
3. Migrating Intellectual Property (IP) such as brand names or trademarks to Ireland combined with an Irish incorporated but non-resident company and licensing the use of the IP to affiliates worldwide.
4. Development of Irish finance structure to facilitate efficient cash repatriation and treasury management for a multinational group.

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While large scale transactions get the most attention, individual transactions including undocumented transactions and recharges, must also be fully considered to avoid any transfer pricing tax exposure. All businesses need to ask themselves whether, as a supplier or recipient, they are engaging in such transactions which include;

- Cash pooling
- Intercompany loans
- Management services e.g. financial management, human capital management, supply chain management
- Back office services e.g. invoicing, cash collection, managing the AP ledger
- Debt factoring or debt collection
- Investment management
- End of year recharge

The transfer pricing team in Dublin is led by Paul Reck, a senior tax partner, with over 20 years of international tax experience in Dublin and New York covering a wide range of industries. Paul is assisted by a dedicated team, who each bring their own area of transfer pricing expertise.



Paul Reck

Partner, Head of Transfer Pricing

Paul is a senior Tax Partner based in Dublin who leads the Irish transfer pricing practice. Paul has over 20 years' international tax experience in Dublin and New York covering a wide range of industries including life sciences, financial services and technology. Paul has performed a number of global tax studies for multinationals, focusing on the use of Ireland in a global organisation and has designed and implemented a number of principal, IP and financing/holding company structures. Paul is a frequent speaker and writer on international tax issues. He is co-author of Taxation Summary published annually by the Irish Taxation Institute. He has been recognised as one of Ireland's leading tax advisors by International Tax Review in relation to M&A and Cross Border Structuring.



Gerard Feeney

Tax Director of Transfer Pricing

Gerard is a director with several years' experience specialising in tax in both practice and industry. Gerard has worked in the UK with the Deloitte London transfer pricing practice and has gained experience in the areas of global documentation, supply chain planning and audit defence for clients in a range of sectors including the food and beverage, financial services, pharmaceutical and IT sectors. Gerard has co-authored articles for Irish Tax Review, International Tax Review magazine and BNA publications.



John Stewart

Tax Director of Transfer Pricing

John is a director in our transfer pricing practice in the Dublin office with an expertise in VAT and customs. John has over 25 years' experience in tax and has worked as an auditor for the Revenue Commissioners. He advises a range of both indigenous and international businesses, and has significant experience in supply chain planning and audit defence. John has lectured extensively on VAT to bodies including the Irish Taxation Institute and the Institute of Certified Public Accountants.



Austin McGlade

Tax Manager of Transfer Pricing

Austin is a manager with a number of years' experience working in International Tax and transfer pricing. Austin has worked on secondment in India in the Deloitte Global Transfer Pricing Centre. During his period of secondment, Austin worked on a variety of transfer pricing projects gaining experience in carrying out benchmarking studies and preparing documentation reports for clients from European, the US and the Asian/Pacific region in the areas of pharmaceuticals, the drinks industry, financial services, automotive industry, consumer goods and IT.



Diarmuid O'Brien

Tax Assistant Manager of Transfer Pricing

Diarmuid is an assistant manager with a number of years' experience working in International Tax and transfer pricing. Diarmuid has worked on secondment in Australia in the transfer pricing team in Deloitte Melbourne. During his period of secondment, Diarmuid worked on a variety of transfer pricing projects gaining experience in preparing global documentation reports and audit defence for clients from the US and the Asian/Pacific region in a range of sectors.

Deloitte's transfer pricing practice has an excellent reputation within the marketplace for delivering value added industry-specific solutions tailored to our clients' needs

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