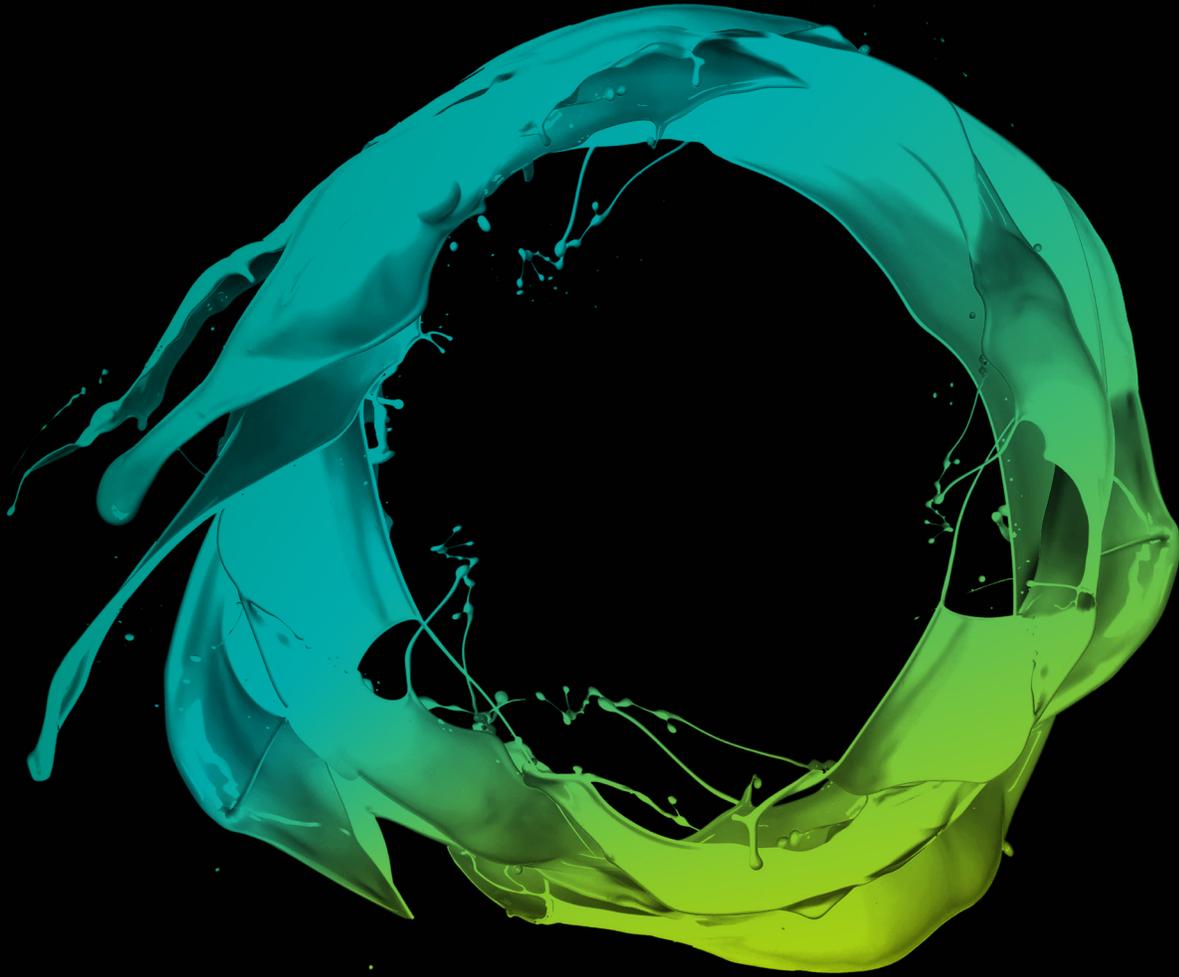


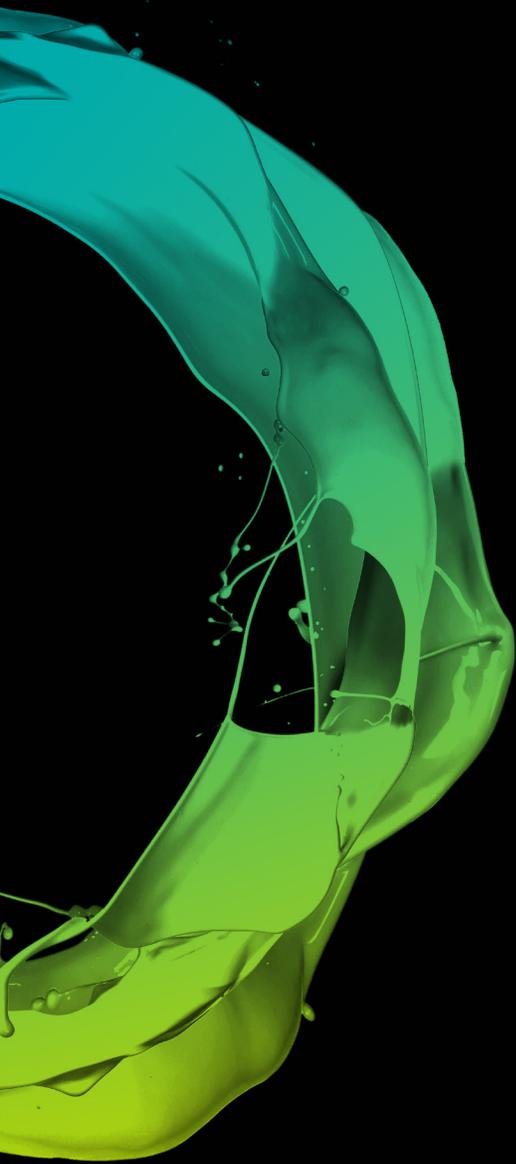


Deloitte.



Reimagine operational transfer pricing solutions from Deloitte + SAP®

Empower your SAP system to automate and monitor your global transfer pricing process for potentially increased efficiency, improved compliance, reduced tax rate, and mitigated risk.



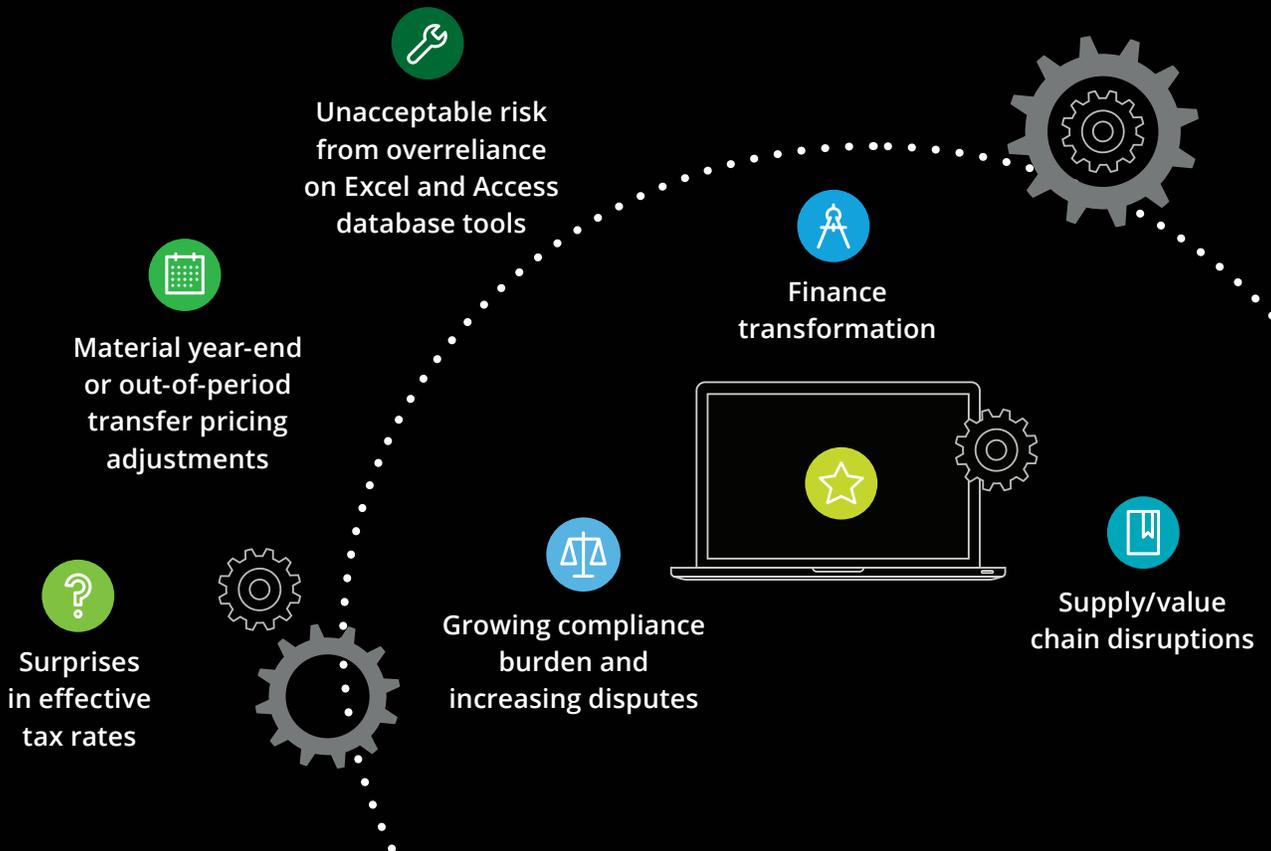
Rising to the challenge

Cracking the transfer pricing code has never been easy. One of the largest drivers of a company's effective tax rate, transfer pricing is often a material risk to tax expense and the financial reporting of income taxes. With the continued escalation of global tax initiatives, it's only going to get more challenging. Many organizations are still relying on customized spreadsheets and databases—and the extensive

manual efforts of their tax team—to manage this increasingly complex process. It may be an unsustainable approach, particularly at the operational level where transfer pricing needs to be monitored, analyzed, and adjusted to comply with policies and accurately estimate global tax burdens and cash flows. It's time to reimagine how your transfer pricing process is conducted and managed.

The automated operational imperative

What's driving your need for a more powerful operational transfer pricing solution? It could be any one or combination of these issues:



Reimagine your approach to transfer pricing with Deloitte + SAP

By leveraging investments in your core SAP systems, you may automate and streamline many aspects of the operational transfer pricing process and build an efficient engine for monitoring outcomes, potentially bringing your tax and financial reporting risks under control. While the particular technology profile of each company varies, your SAP system is capable of supporting these essential elements of an effective end-to-end operational transfer pricing process:

1. Predict pricing of intercompany transactions

SAP Business Planning and Consolidation (BPC) can be extended to enhance FP&A's budgets and forecasts from a high-level P&L view by business unit to a more granular, multidimensional basis—i.e., by legal entity, function, product, cost or profit center—and provide a platform for modeling and forecasting your transfer pricing policies.

2. Set and execute against pricing conditions in the SAP Logistics module

Using the predicted pricing from step one, you can set appropriate SKU- and service-level pricing conditions to be followed throughout the year, including calculating the appropriate indirect taxes to be charged on intercompany transactions and generating invoices.

3. Capture financial results of intercompany business via SAP S/4HANA® Finance

- Using the Universal Journal as your single source of data, capture all dimensions of data required to meet the unique needs of your transfer pricing process. Provide consistency across all external reporting areas, e.g., master and local files, country-by-country reports, tax returns, and required transfer pricing documentation.
- Perform centralized service allocations to benefiting affiliated entities, including those intercompany services charged at cost and cost plus a markup.

4. Conduct reporting and analytics via SAP BPC, SAP Fiori®, and SAP® BusinessObjects™

Report, monitor, and compare year-to-date actuals with transfer pricing targets, and adjust as necessary to adhere to your company's global transfer pricing policies.

By configuring these processes and embedding them upstream within your SAP system, you can automate and improve upon many of the slow and unsustainable manual transfer pricing processes you currently have in place.



Enabling transfer pricing transformation with Deloitte

Whether you are planning to implement SAP S/4HANA, running an SAP-only environment, or supporting SAP and other ERP platforms, Deloitte can help you:

- **Assess your current state** to understand the strengths and limitations of your existing technology platforms and operational transfer pricing processes
- **Build a road map** for automating the operational transfer pricing processes across your organization and within your current/planned technology platform
- **Configure your SAP platform** to automate the reporting, out-of-range analysis, and proposed adjustments on a near real-time basis
- **Redesign processes** to successfully support the adoption, management, and ongoing monitoring of an automated, SAP-powered operational transfer pricing solution
- **Provide change management** to ensure your team and your organization understand and embrace the new processes and technology for sustainable performance

A new day for managing transfer pricing

By configuring your SAP system to automate your operational transfer pricing process, the days of massive Excel files that are slow to open, and crash under the weight of calculations, data, and external links, are over. You may now have a sustainable, repeatable, and scalable system that drives down the time and cost of compliance, while potentially improving the visibility, timing,

and accuracy of reporting and reducing your tax and financial reporting risk.

Additional benefits include:

- Flexibility to change as new tax plans are implemented in response to global tax reforms
- Redirected focus for tax department resources: from gathering data and manipulating spreadsheets to more strategic analysis and planning
- Centralized controls and visibility into the global transfer pricing process and outcomes
- Reduction/elimination of material out-of-period transfer pricing adjustments

- Near real-time monitoring and adjusting of transfer pricing across the global supply chain
- Increased integration with FP&A, accounting, treasury, and all other stakeholders

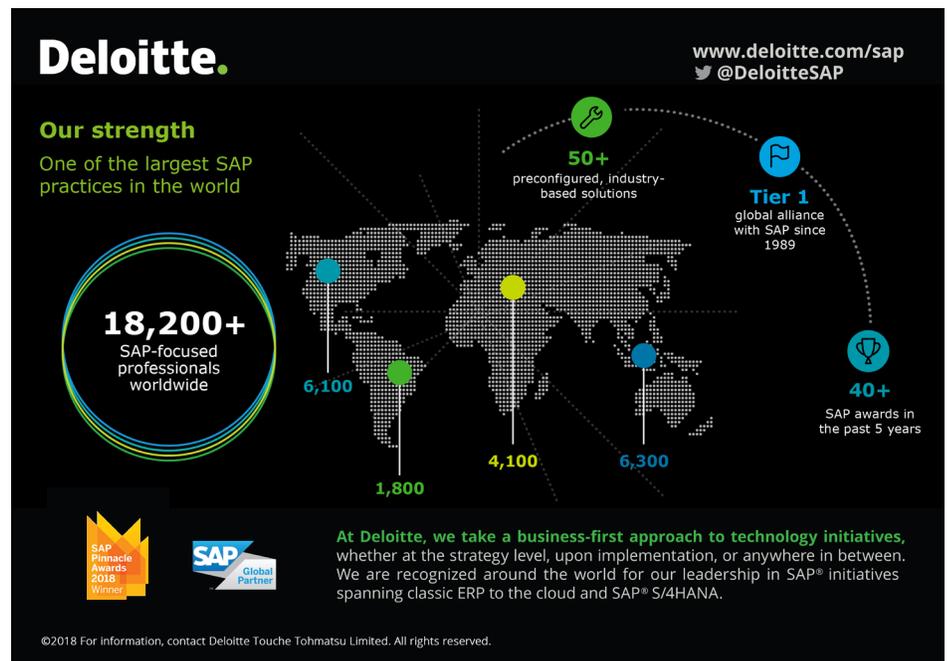
The Deloitte difference

Our deep knowledge and experience across international tax, transfer pricing, and technologies offers clients a wealth of capabilities for addressing transfer pricing and related tax challenges (see figure 1).

Let's talk

For more insights and information from Deloitte's Tax Management Consulting practice, please visit us at <https://www2.deloitte.com/us/tmc> or contact us at TMC@deloitte.com.

Figure 1. The scope and strength of Deloitte + SAP



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