



Economic Solutions In-house services address the growing need to manage global transfer pricing arrangements.

In 2003 the IRS Large and Mid-Size Business (LMSB) commissioner issued a transfer pricing compliance directive instructing audit teams to request transfer pricing documentation and apply penalties where warranted. Former IRS Commissioner Mark Everson reiterated in 2006, "We have consistently said that transfer pricing is one of the most significant challenges for us in the area of corporate tax administration."* Transfer pricing issues figure prominently in LMSB Tier I compliance issues.

Closer audit scrutiny and broader documentation requirements have increased the need for experienced transfer pricing resources. In this environment, outsourcing documentation often leaves companies lacking background knowledge to manage transfer pricing audits independently. Nevertheless, heavy reliance on consultants can be costly and inefficient.

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- Former IRS Commissioner Mark Everson

Economic Solutions In-House services can strike the right balance between competing risk and cost management goals. Economic Solutions' professionals have in-depth expertise, with transfer pricing experience in both the Big-4 and I.R.S. Depending on the need, services can be tailored to leverage your company's existing resources with a dedicated transfer pricing specialist, or provide more turnkey coverage.

SERVICES INCLUDE

Transactional Data Analysis

- analyze company transactions for relevance (and possible risk) to pricing policies

Manage Documentation Preparation and Updates;

- coordinate and review documentation worldwide;
- ensure consistency in reporting and methods

Risk Management

- evaluate, rank and quantify potential exposure;
- monitor compliance with existing and new pricing policies

Assist International Tax Specialists in Tax Planning Strategies

- alternative pricing scenarios;
- advise on pricing implications of alternative transaction structuring

Audit Assistance

- responses to information requests;
- critique of proposed transfer pricing adjustments

Research

- potential impact of new and revised regulations
- legal decisions

Special Project Support as Needed

RECENT ENGAGEMENTS

- Advised specialty chemicals company where IRS proposed initial transfer pricing adjustment of \$10 million; issue was agreed to with an adjustment of less than \$2 million
- Revised an oversimplified comparable profits method-based pricing approach to account for market price movements and cost advantages of affiliated non-US producer

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