

Interaction of Transfer Pricing and Base Erosion and Profit Shifting

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Coordinated by
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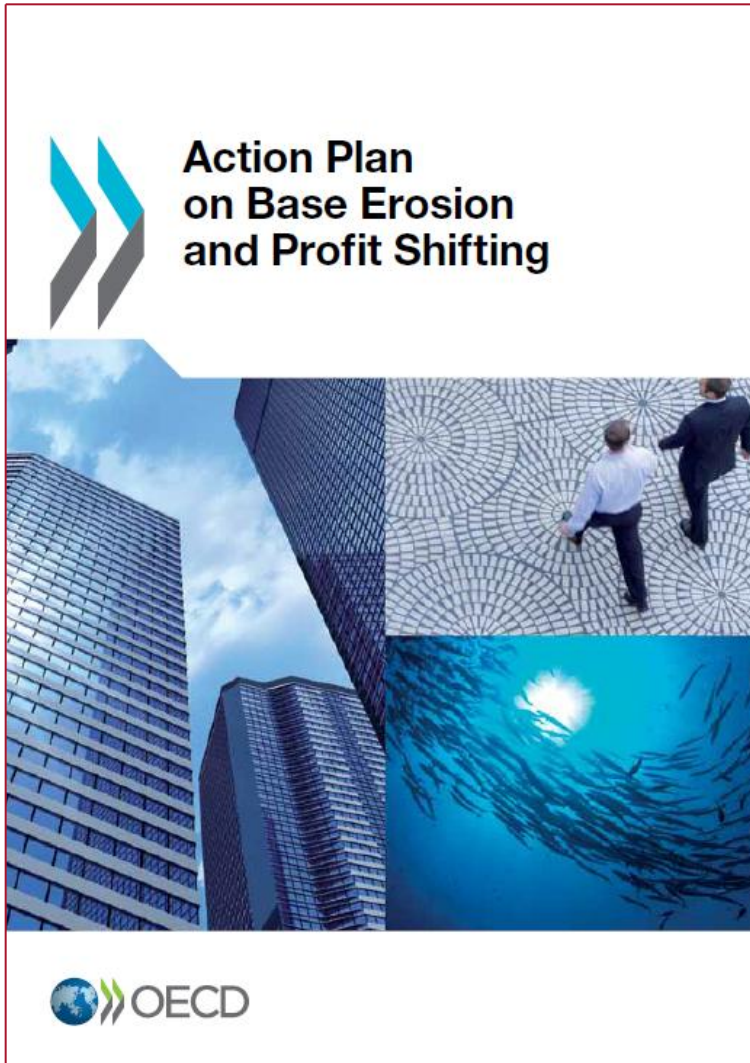
Chairman: **Uday Ved**, KPMG India

Moderator: **Caroline Silberztein**, Baker & McKenzie

Panellists:

- **Akhilesh Ranjan**, India
- **Michelle Levac**, Canada Revenue Authority, Chair of OECD Working Party No. 6
- **Peter Barnes**, Senior Lecturer at the Duke Center, USA
- **Marc Levey**, Baker & McKenzie, USA
- **Vijay Iyer**, E&Y, India
- **Karishma Phatarphekar**, KPMG, India

Introduction

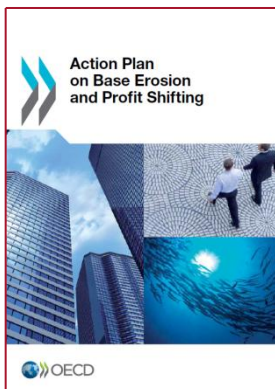


Actions 8,9,10

Assure that transfer pricing outcomes are in line with value creation

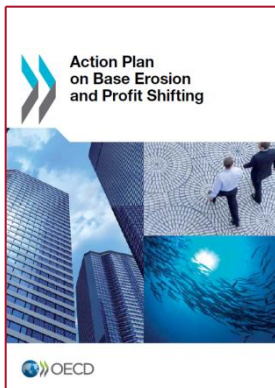
Action 8 – Intangibles

Develop rules to prevent BEPS by moving intangibles among group members. This will involve: (i) adopting a broad and clearly delineated definition of intangibles; (ii) ensuring that profits associated with the transfer and use of intangibles are appropriately allocated in accordance with (rather than divorced from) value creation; (iii) developing transfer pricing rules or special measures for transfers of hard-to-value intangibles; and (iv) updating the guidance on cost contribution arrangements.



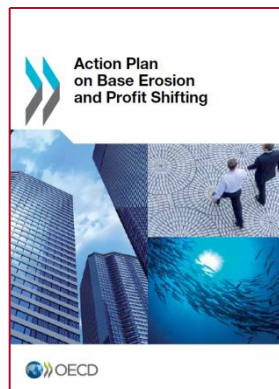
Action 9 – Risks and capital

Develop rules to prevent BEPS by transferring risks among, or allocating excessive capital to, group members. This will involve adopting transfer pricing rules or special measures to ensure that inappropriate returns will not accrue to an entity solely because it has contractually assumed risks or has provided capital. The rules to be developed will also require alignment of returns with value creation. This work will be co-ordinated with the work on interest expense deductions and other financial payments.



Action 10 – Other high-risk transactions

Develop rules to prevent BEPS by engaging in transactions which would not, or would only very rarely, occur between third parties. This will involve adopting transfer pricing rules or special measures to: (i) clarify the circumstances in which transactions can be recharacterised; (ii) clarify the application of transfer pricing methods, in particular profit splits, in the context of global value chains; and (iii) provide protection against common types of base eroding payments, such as management fees and head office expenses.



**Will Transfer Pricing remain at
AL?**

**Hard-to-value intangibles: do
we need special measures
and, if so, what for ?**

**Intangibles: how to
compensate the legal owner /
funder ?**

**Intangibles: a case for
general profit split ?**

**Intragroup services: how to
differentiate them from
intangible transfers ?**

Dispute resolution: the view of the Indian Competent Authority

Recharacterization of a taxpayer's transaction

Q & A

Thank you !