

KPMG in Germany Helps **European Diversified Materials** and Technology Group Streamline Processes for **Transfer Pricing Documentation**



Recently, a major diversified materials and technology group headquartered in Europe recognized the need to improve the consistency, quality and compliance-readiness of its transfer pricing documentation.

The client certainly recognized the tax advantages of an effective transfer pricing strategy. However, with a large number of companies within the group and facilities in 80 countries worldwide, the preparation of transfer pricing documentation was a complex challenge. To address rigorous regulations for transfer pricing in Europe and elsewhere, the group's documentation had to incorporate and integrate data about each company as well as inter-company transactions including provision of services, transfer of goods, licenses, cost-sharing arrangements, secondments, financing transactions and project business.

The client turned to KPMG to help them develop an integrated, productive and effective documentation process. Working with the client, the KPMG team helped implement TP Cockpit, a customizable transfer pricing documentation tool. The overall design of the tool is based on the team's broad experience with transfer pricing at the enterprise and global level. At the same time, TP Cockpit is highly customizable, and the team made a number of modifications in alignment with the client's processes.

The project included developing a theoretical documentation process and updating the client's existing transfer pricing documentation guideline. A significant part of the work consisted of global training measures. While part of the global training was organized by the client, other training in the US, China, Dubai and Singapore was organized

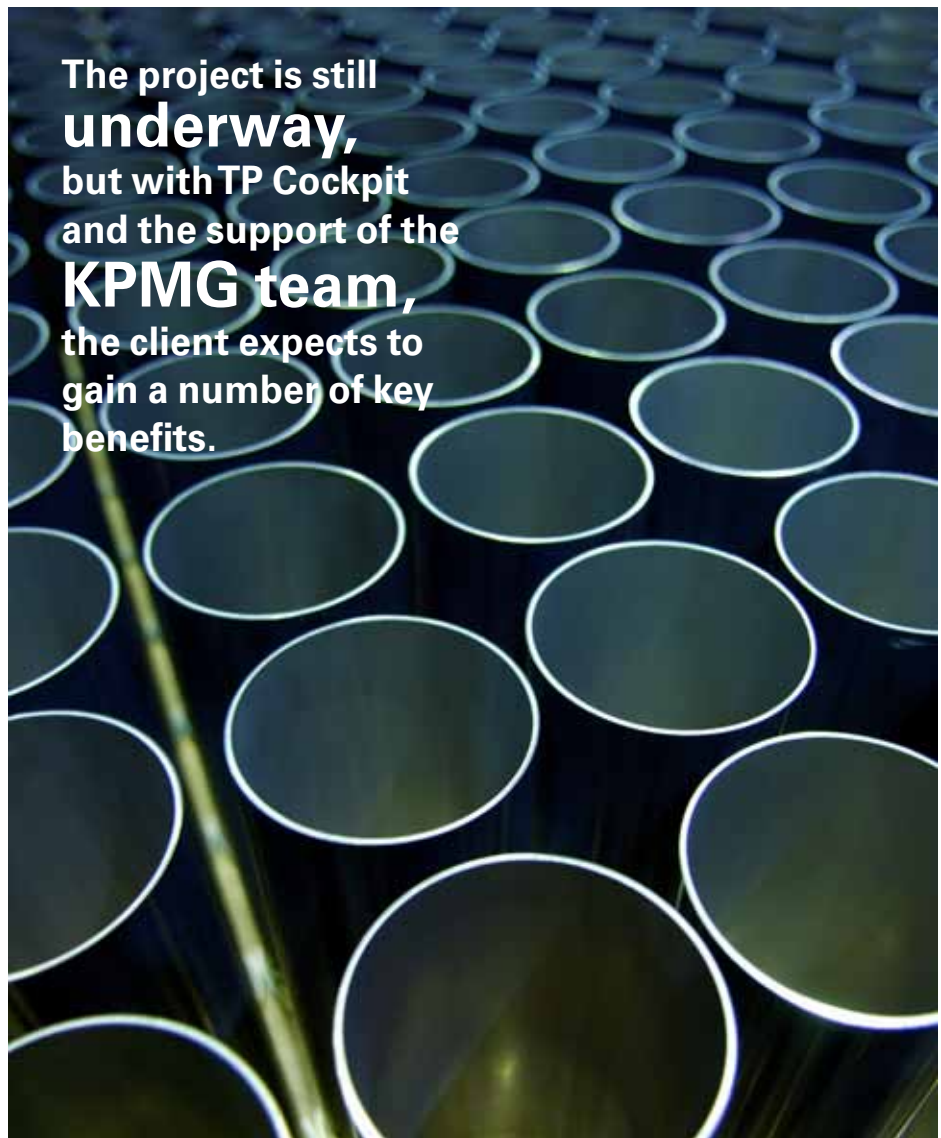
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and/or supported not only by KPMG's core team but also by local KPMG staff and transfer pricing experts.

With a large number of specialists in transfer pricing and technology implementations, the KPMG practice group was able to apply resources to the project on a flexible basis according to specific needs. The core project team on the operational side consisted of the client's transfer pricing team working closely with KPMG professionals. While all members of the core team stayed in the loop, the active involvement of the individual team members differed significantly during the project phase in accordance to the internal responsibilities of the client's transfer pricing team.

The KPMG team included two transfer pricing managers to help ensure that the project proceeded according to plan. One manager worked full-time on the project and, moreover, was responsible for project coordination and administration. The other manager took responsibility for individual sub-projects and stood by as a back-up. In addition, the client-facing KPMG team relied on three experienced staff members, who worked on a part-time basis throughout the project. From a technical and IT perspective the client-facing team was supported by two colleagues of KPMG's Transaction Management Services team.

The project is still underway, but with TP Cockpit and the support of the KPMG team, the client expects to gain a number of key benefits. These include a holistic



view of operational information to support compliance across multiple business entities; a greater comfort level with regard to local transfer pricing documentation; consistency

among local documentation files; reduced compliance costs; and improved guidance for the client's local companies in the preparation of transfer pricing documentation.

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