

Managing International Business Disputes in New Transfer Pricing Regime: The Effectiveness Rests with Skilled Human Resources



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Transfer pricing rules in India, were introduced in 2001, however, there are issues of tedious documentation, complicated procedures, rigorous penalties. Therefore, this subject has emerged as biggest source of courtroom battles. Recently, system has been improved by incorporating APAs, SHRs, Roll Back, Range Concept, etc. The success of this new transfer regime, however, rests with the availability and capability of human resources. In this scenario this paper discusses the relevant concepts and emphasise upon the need to fill up the gap between demand and supply of human resources so as to make the system more effective and faster.

Keywords: Transfer Pricing, Advance Pricing Agreement (APA), Safe Harbour Rules (SHRs), Human Resources, Multinational Corporations (MNCs), Foreign Direct Investment (FDI), Roll Back

1. Introduction

Transfer pricing (TP) rules in India, for the first time, were introduced in 2001 and were effectively implemented during 2003. However, there have been many issues viz. tedious documentation, muddled and complicated procedures, and rigorous penalties leading to so many disputes. Therefore, this subject has emerged as biggest source of courtroom battles between the tax authority and the tax payers (MNCs). Hence, there has been strong demand from all concerns that the Indian Govt. should make the transfer pricing legislation more transparent, by including globally established practices as prescribed by the OECD. As a result, in the recent years, the Indian TP system has been made more transparent by incorporating in it the provisions of Advance Pricing Agreements (APAs) and Safe Harbour Rules (SHRs). The APA rules have been further improved by including the provisions of roll back, range concept, etc. and the improved transfer pricing legislation, is now being referred as the new transfer pricing regime or era, which mainly is intended to lessen the litigations and invite more FDI and foreign technology into the country. One of the major concerns, however, for the success of this new transfer regime rests with the availability and capability of human resources needed to deal with this subject efficiently and effectively on both sides i.e. taxation authorities and the tax payers (MNCs). With the provisions of APAs, SHRs and more recent developments in this area, now both sides need more trained officers and executives than ever before to handle the transfer pricing cases successfully. In this scenario this paper discusses the relevant concepts and the emphasise upon the need to fill up the gap between the demand and supply of human resources so as to make the system more effective and faster not only to reduce the litigations but also the pave the way for more foreign investments.

1.1 Transfer Pricing Abuse

Multinational enterprises (MNEs), by their very nature, have advantages and disadvantages. A major advantage (and thus major motivation) is that operating in many countries provides the opportunity to exploit structural market imperfections for competitive advantage ... Transfer pricing policy can help a MNE take advantage of complex international market imperfections while managing costs and risks (Cecchini, et al. 2013) and the intra-firm trade is going up rapidly the world over. According to UNCTAD's (WIR 1996) one third of world trade is basically intra-firm trade (1). Because of mergers and acquisitions, intra-firm trade, both in numbers and value terms has increased considerably in recent years. As per UNCTAD's (WIR 2009), there is a total of 889,416 multinational companies (MNCs) around the world: 82,053 parent corporations and 807,363 affiliates and in 2008, the 100 largest MNCs sales combined amounted to nearly \$8.5 trillion". Considering such a huge number of global transactions amongst the MNCs and their affiliates it is unimaginable to monitor all transactions leaving the large scope of tax evasions. As mentioned by Singh (2007) "it makes the task of tax authorities difficult to monitor and control each and every transaction taking place within a particular TNC". The prices of these transactions i.e. within the related parties are administered prices and are known as transfer prices. The literature is full of the evidences [Chugan (1999 and 2010), Deo (1975, 1977 and 1986), Kumar (1984), Krishna (1984), Lall (1973 and 1979), Mann (1982), Chandrashekhar & Purakayastha (1982), Ramanujam (2001), REGTPG (2002), Singh (2007), Subrahmanian & Pillai (1976), Vaitos (1974), Venu, (1983), etc.] to reveal how MNEs have been manipulating the prices to their advantages. By doing so, not only they reap exorbitant profits but also cause substantial loss of tax revenues to host countries. This is known as abuse of transfer pricing, which has been resulting in an increasing number of disputes and litigations between the tax authorities and MNEs, which often restricts the inflow of foreign investment.

Thus, "worldwide there are lots of controversies and debates between the tax authorities and the MNC's about the related party transaction pricing. The tax authorities contest on the grounds that non arm's length price is depriving them of rightful revenue and that the MNC's are doing this to save on tax liability (Pendse, 2012). In view of rampant abuse of transfer

pricing. OECD has already prescribed guidelines and many countries such as Australia, USA, UK, and China have developed their TP regulations based on these guidelines. In India, however, for the first time in 2001, TP rules were framed and there had been many demands from tax consultants/experts, industry representatives, researchers, and academicians that India should also adopt the Advance Pricing Arrangement (APAs) to reduce disputes and litigations (Chugan 2010). As a result, now a remarkable journey, aimed at reducing litigation and creating a very favourable and friendly FDI environment in the country, has begun in the area of transfer pricing regime. With the introduction of Advance Pricing Agreements also known as Advance Price Arrangement (APA) and Safe Harbour Rules (SHRs) in line with the global practices, which are followed by many of the developed countries, and further more recent amendments in union budgets of 2013 and 2014, most of the industry's demands have been met. According to a report (ET, 2013) "today, MNCs can choose between safe harbour rules and advance pricing agreements to compute transfer prices for transactions within group companies. This is progress. A modern tax administration without arbitrariness, clear tax rules and low tax rates will accelerate growth. MNCs will then have no incentive to shift profits out of India".

One of the major concerns for the effective implementation of TP regulations, however, is about the limited availability of capable human resources - on both sides i.e. tax authorities and the taxpayers (MNEs). This scarcity of trained human resources has further aggravated with the implementation of new the new TP regime which now has the provisions of APA, SHR, and applicability of APA provisions to domestic companies as well. However, India's new TP system, as stated by Chugan and Dhar (2016) "is still in the stage of infancy and needs more experienced and trained manpower to handle it with accuracy and efficiency". Therefore, the system now needs more trained officers and executives than ever before to speed up the cases. As per ET (2013), "India's tax officers would need intensive training to deal with the new regime as transactions within group companies are becoming increasingly complex in a globalised economy and transfer pricing rules now apply to transactions between domestic companies within the same group". In this background this paper traces the mismatch of demand and supply of skilled manpower in this domain and underscores importance of human resources to manage in the new transfer pricing era more efficiently to get the expected results of not only to reduce the litigations but also to invite MNEs to invest more in the country.

2. Defining Transfer Pricing

Transfer pricing has emerged as one of the dominant sources of controversy in international taxation. Transfer pricing is the process by which a multinational enterprise (ME) calculates a price for goods and services that are transferred to affiliated entities. These transfer prices impact the taxable income reported in each country in which the MNE operates (Tondkar, et al. 2005). Transfer pricing is used as a tool for various purposes by MNC's in their course of business with related parties in international transactions (Pendse, 2012). It is the price received by one MNE or its associate to other associate or related units of the same MNE or in another words, it is price charged between the related units for all kind of transactions. As mentioned by Elliott and Emmanuel (2000), "International transfer pricing is pervasive in that it can apply to all manner of goods, services (2), finance and intangible assets which flow between members of a group located in different parts of the world". Thus, as per transfer pricing rules, all kind of transactions between the associated, affiliated, related, subsidiaries or entities of the same MNEs, etc. should be priced as if the transactions are with not related parties and based on the arm's length principle.

Transfer pricing, one of the most controversial and complex issues, requires closer scrutiny not only by the critics of TNCs but also by the tax authorities in the poor and the developing world. Transfer pricing is a strategy frequently used by TNCs to book huge profits through illegal means. The transfer price could be purely arbitrary or fictitious, therefore, different from the price that unrelated firms would have had to pay. By manipulating a few entries in the account books, TNCs are able to reap obscene profits with no actual change in the physical capital (3). Transfer pricing as per Lall (1974) may be defined as the "Pricing of transactions, both of commodities and intangibles, such as technological services and brand names between different branches of Multinational Corporation". According to UN (1975) these may, therefore, be termed as clearing price entered in the books for transactions within a firm - the firm in this context meaning the entire business enterprise considered as a unit.

2.1 Advance Pricing Agreement (APA)

An advance pricing agreement, popularly known in its abbreviated form as APA, is a deal that has been negotiated between the taxpayers and the taxation authority of a country through which an agreement in advance is signed by both parties agreeing for the method to be used to determine the transfer pricing of the transactions to take place between the MNCs, foreign parent, and its associate, subsidiary, affiliate or related parties etc. so that there are no disputes at the later stage.

Thus, advance pricing agreement or arrangement (APA) is a mechanism designed by the tax authorities in many countries to resolve actual or potential disputes pertaining to international transfer pricing between the Multinational Corporations or international companies which have business interest in their countries. Under this mechanism the methods for determining the transfer pricing for inter-company transactions are set well in advance, there exists a transparency of rules and disputes can be solved in a cooperative manner (Chugan 2007a). There are three types of APA viz. Unilateral APAs (involving one country), Bilateral APAs (involving two countries) and Multilateral APAs (involving more than two countries). Unilateral APA is an agreement between a taxpayer and the tax administration of the country where it is subject to taxation. A bilateral or multilateral APA is entered into between the taxpayer, the tax administration of the country where it is subject to taxation and one or more foreign tax administrations (PWC, 2011). Thus, a bilateral or multilateral APA is an arrangement between a

business (MNC or its subsidiary i.e. the tax payer), the Tax Office in host country and one or more foreign tax authorities. Therefore, in such type of APA, the negotiations are held not only with tax authority in the host country but also with other foreign tax authority (ies) to reach an agreed position. When an APA does not involve other country(ies) with whom host country does not have a double tax treaty or agreement, the arrangement is only between the tax payers and the tax authority of the host country and is called as Unilateral APA (Chugan, 2010). Bilateral or Multilateral APA is considered a better option because it may give full solution. According to E&Y (2014), “if an inter-company transaction spans two or more countries under the applicable income tax treaties, the Bilateral/Multilateral APA creates efficiency by involving the relevant Competent Authorities in negotiations from the outset and securing an improved protection. Taxpayers also have the option to convert Unilateral APA applications into Bilateral before they are agreed or concluded”.

2.2 Response to APAs

With the implementation of APA system on July 1, 2012 and financial closing of the same year, the Govt. had received 14 APA applications and as per the reports (BS, 2014) this was indeed the largest response in any country for the first year of APA implementation. Thus, the response was encouraging which continued further and the Govt. had received 146 applications next year, amongst these 117 applications were for unilateral APAs. The encouraging response was also reported in the media (BS 2014a) stating a large chunk of these applications i.e. 142 was received in the last 15 days of the closing of the year. Moreover, amongst these applications, first batch of five APAs had already been signed quickly with MNEs in the field of pharmaceuticals, telecom, exploration, and financial services to provide much comfort to these MNCs for the next five years i.e. assessment year 2014-15 to 2018-19.

The response for the next year was even more encouraging. In fact as stated by Sikarwar (2014) “Multinational companies have rushed to hammer out agreements that lock in their tax liabilities in India for the next five years through Advance Pricing Agreement programme, putting behind their outrage over what’s been perceived as the government’s aggressive tax practices”. This is evident from the fact that more than 240 companies had filed up their applications and sought APAs for the year 2014-15 covering wide range of sectors such as IT and IT enabled services (ITeS), financial services, pharmaceuticals and chemicals and deals pertaining to issues such as royalties, corporate guarantees, out-sourcing and interest income.

2.3 Safe Harbour Rules (SHRs)

Internationally, the concept of safe harbour is embedded in TP regulations of several tax jurisdictions, which includes both developed (e.g. United States, Australia, and Japan) as well as developing (e.g. Brazil, Mexico and South Africa) countries. It is widely deployed tool to simplify compliance process for eligible taxpayers and provide administrative convenience to the tax authorities (Vishwanathan and Shah, 2013). In fact the system of, safe harbour and Advance Pricing Arrangement (APA) are emerging as the two most efficient ways of reducing litigation in the area of transfer pricing, which is developing as the most important taxation subject among the chief executives and tax authorities (Chugan, 2010). The literal meaning of the term “safe harbour” is “safe haven or a place which provides security or safety”. In taxation, it means that the results of the taxpayers who fulfil the required conditions are accepted and they are exempt from detailed scrutiny. This provides certainty to taxpayers, particularly to those investing in a new tax jurisdiction (Chugan, 2014).

As one of the major reforms in Indian TP rules, sector specific Safe Harbour Rules (SHRs) have been announced recently for the seven sectors under which taxation department will accepted the international pricing transactions without any questioning or doubt between the MNCs and their affiliates, subsidiaries, related concerns under some specified limits and conditions. As the starting point, these rules are prescribed for a period of five years effective from the assessment years 2013-14 (4).

2.4 More Investors’ Friendly Provisions under APA

Although the response of APA system has been encouraging, the Govt. of India in the union budget of July, 2014 has provided a few more investors’ friendly provisions in its efforts to make the APA system more effective and the rules for “roll back” have been notified on March 15, 2015 wherein pre-filing consultation has been made optional (5). These improvements, as given below, will not only reduce the litigation but also attract more FDI.

Firstly, the “roll back” facility in APA has been provided meaning that an APA entered for future transactions could be applied for previous four years in specified circumstances. It is expected that this facility in APAs will help resolve many recent pending disputes. It may be pointed out that a taxpayer availing “roll back” will in essence may get certainty for nine years (four years in the past and five years for the future).

Secondly, the range based concept for determination of arm’s length price (ALP) has been introduced. This concept, as per the industry reactions was indeed long awaited and business community as per reports should definitely expect more ease in proving that their transactions are at arm's length.

Thirdly, allowing the business community to use of multiple year data for determining the arm's length price has been a welcome step as it had been a part of every transfer pricing dispute where the transactional net margin method had been used to benchmark a transaction. It is therefore, expected that introduction of this facility of allowing the use of multiple year data will definitely provide a big relief to taxpayers who had been finding it cumbersome to benchmark the transaction using the most current year data, which many a times are not available in public domains.

All the three provisions introduced in the budget of 2014, are in line with international standards, and have further improved the Indian TP rules. This move, as reported by a team (TOI, 2014), “will substantially reduce litigation in the

transfer pricing arena ... in other words, the arm's length price determined under an APA will also apply to past transaction and multiple year data will also be used in comparability analysis for determining the price". Experts in the field of international taxation have opined that these measures indeed indicate a strong positive signal to investors that the Government is serious about reducing hurdles in doing business in India.

Further, it is worth to note that one of the major steps under reform process, as per the union budget, is the extension advance ruling regime to domestic units above certain threshold. Hence, the scope of income tax settlement commission has now also been enlarged. As per reports (BS 2014b) "this is expected to address the proliferation of litigation in domestic taxes. Currently, tax demands of more than Rs. 4 lakhs crore are under the dispute and litigation before various courts and appellate authorities; therefore, Govt. has proposed to strengthen the Authority for Advance Rulings by constituting additional benches."

3. Need for Increasing Human Resources' Capabilities

As mentioned above, one of the key concern that has drawn attention of all stake holders, be it tax department (authorities), tax consultants, MNEs, industry associations and trade bodies in the area of international transfer pricing is related - first to the limited availability of related manpower and second to individual officers' capabilities to deal with increasingly complex and dynamic global business scenario with more new rules being incorporated by the countries the world over. This result in delays and substantial unproductive costs both in terms of time and money is born by the tax payers. According to ATO (2014) "this is particularly so where the decision maker does not possess the requisite experience and capability". Therefore, it is not India alone, but also in the developed countries such as in Australia, where legislation pertaining to transfer pricing is rather strong and the policies and practices are well established it has been said the officers are "unable to practically apply transfer pricing to taxpayers' organisations within particular industries....officers were said to have limited understanding of broader economic influences, particular industries or the commercial drivers for particular businesses... officers appear not to undertake sufficient research, do not closely consider the information provided by taxpayers and are slow to understand the arrangements they are investigating. Their decisions were believed to be based on imprecise and high level analysis. These issues adversely impact the functional analysis required in transfer pricing and are exacerbated in more complex matters (ATO, 2014). In recent years, the German Revenue has also identified transfer pricing as a strategic area of the highest importance, and considerable efforts are being made to strengthen this area, both from a manpower/experience and an organisational point of view (6). According to Tondkar et al (2005), "transfer pricing issues are also costly and difficult for regulators because of the lack of qualified personnel and resources. Oftentimes, the regulators do not have the staff with the knowledge base necessary to audit large Multinational Enterprises' transfer pricing practices".

Moreover, it is worth to note the need for more Transfer Pricing Officer and demand for executives for MNEs is in sight because more recent development in this area. For example, India has just signed her first bilateral advance pricing agreement with Japan on Dec. 19, 2014, which indeed is an important step in country's attempt to provide a predictable transfer pricing regime. According to report in (ET, 2014), "this shows that the policy makers and the concerned authorities in India are inclined to make APA a success and thereby provide certainty to taxpayers, particularly in respect of transfer pricing.

3.1 More Bilateral APAs Require More Skilled Human Resources

After signing the first batch of 5 unilateral APA, the country is now discussing about 50 bilateral APAs involving the multinationals involving the tax authority of their respective country of origin. Of course, the bilateral APA with Japan has already been negotiated and signed as stated in the above para. It is reported (Beniwal, 2014) that about 15 bilateral applications from UK, 10 from Japan and a few from Switzerland and other European countries are under discussion... Bilateral APA give certainty that the price declared using the agreed approach won't be questioned in either of the countries concerned. As per latest reports (Srivats, 2016) "India's APA programme has crossed a milestone with CBDT signing 5 more unilateral APAs In entire 2015-16, the CBDT had signed 55 APAs. Since its inception, the APA scheme has attracted tremendous interest among MNCs and more than 700 applications (both unilateral and bilateral) have been filled in just four years".

Moreover, as reported last year (Gupta, 2015), India and USA have also agreed on a broad framework for resolving transfer pricing disputes involving American companies, paving way for increasing business ties between the two countries... This also includes the promise to adhere to bilateral advance pricing arrangements (APAs) which would help US firms determine their tax liability in advance and create certainty on tax issues. As reported (Sikarwar, 2015), nearly 180 to 200 transfer pricing disputes of US companies are pending ... and tax authorities will be able to resolve as many as 50 of these cases before the end of financial year.

Although, India's transfer pricing system, has incorporated the sophisticated provision of APA and SHRs, but in a stage of infancy and needs to be nurtured with the experienced hands so as to tackle with the complex issues of transfer pricing and there is a strong need strengthen the capabilities of not only the transfer pricing officers (TPOs) investigating such cases, but also to train the executives working with tax payers enabling them to draft the proposals as per the guidelines issued by the departments and negotiate them accordingly, so that there are no delays and proposal are cleared smoothly.

4. Mismatch between the Demand and Supply of Human Resources

It is thus evident that Indian international transfer pricing is now a specific domain which has significant mismatch between the demand and supply of human resources. In view of the new provisions of APA and SHR in TP regime, as per Beniwal

(2014), the number of APA applications has already crossed 400 (700 as reported by Srivats 2016) since its introduction in July 2012, whereas there are only 13 officers (as on July 2014) in the income tax department to negotiate such cases. Although this number of officer may go to 25 but it is still insignificant to deal such cases which are on increase. Moreover, as reported (BS 2014a), 36 applications under SHR norms had also been received by the government as on March 2014 and more applications were in pipe line. Further, as reported by global consultancy E&Y (ET, 2014) “with about 3,500 disputes, India has the third largest number of pending cases related to transfer pricing in the world”, which requires expert hands to deal such cases. Even a “country like South Africa, for example, is presently building an international tax team of up to 40 people with a model based on specialist teams who undertake the end to end process of transfer pricing – from risk identification through to resolution of audits and enquiries to handle transfer pricing (OECD 2012)”.

Moreover, this gap is likely to increase further as a result of extending the APA regime, which was hitherto available only for foreign companies, to domestic companies above a certain threshold as well. Further, to increase efficiency of the new transfer pricing regime, it is also necessary to accelerate their capabilities of human resources so that they may perform their jobs more speedily and effectively.

4.1 Developing Skill to Deal with Transfer Pricing

To match the supply side with that of demand, new TP regime, thus requires both number as well as skill development of the professionals of this domain which may be acquired through arduous training / various workshops with much needed emphasis on hands on experiences of learning by doing through practical cases and exercises so as to understand the relevant concepts, issues and their applications. In addition to in-house programmes, the assistance of OECD may also be sought for this purpose as “its sponsored multilateral training programmes offer an innovative approach to training in this area and one that helps to foster a common understanding of the issues among tax administrators from different countries (OECD 2012)”. According to PWC (2013/14) “Transfer pricing knowledge of the ‘average’ tax inspector is expected to increase significantly, as training improves and inspectors gain experience in transfer pricing audits”. In-depth knowledge on the various aspects of this domain will empower and enable Transfer Pricing Officers (TPOs), Auditors, Tax Professionals, Finance Professionals, Legal Professionals, Economists, and Company Executives to:

- Gain/determine maximum/suitable value for the agreement in terms of arm’s length pricing, ALP computing methods, SHRs, APA, MPA, etc.
- Advise taxpayers to opt for either APA or Safe Harbor with their implications
- Draft / initiate APA proposals for companies and participate in negotiations with taxation authorities.
- Understand workable/practicable knowledge, skills and methods for enhancing Transfer Pricing Policies and implement the same.
- Understand Transfer Pricing Rules so as to determine if a particular transaction may be covered by Transfer Pricing Regulations or not.
- Recognize how effectively meet the compliance burden imposed by the Transfer Pricing Regulations and further suggestions for the same, if any.
- Discover the secrets to setting Transfer Prices in a way that achieves tax efficiency for the companies without violating the Transfer Pricing Regulations.
- List out the ways to avoid costliest or frequent mistakes while analyzing and implementing an organization's Transfer Pricing Policy.
- Evaluate whether the transfer prices already set by an organization are in compliance with the regulatory requirements or not and if not how to do the needful in the matter.
- Prepare themselves (executives) well for the negotiations with taxation authority or vice versa i.e. taxation officers with tax payers, for resolving the Transfer Pricing disputes, if any and avoid the resulting litigation.
- Discover how to save cost on unnecessary documentation and litigation in the area of National and International Transfer Pricing.
- Learn about the present laws, new amendments and their implications including latest examples and cases and Judicial Precedents in India, and other countries.
- Recognize and learn the importance of soft skills to handle such issues

It is important to note that the knowledge, training and experience of the above aspects assume much more importance because APA approvals are subject to applicability of the various relevant laws of the country. “A draft APA agreement has to be approved by the law ministry following which it is taken forward for further processing... it also includes the field visits for fact finding (BS, 2014)”.

4.2 Co-operation and Coordination between Departments of Income Tax and Customs

Further, as already recognised by Ministry of Finance (MOF, 2007) the Co-operation and coordination between the two Departments on ‘Transfer Pricing’ issues is absolutely essential. Both the departments have stated that there is urgent need to organise training programmes and workshops for the officers of the Central Board of Direct Taxations (CBDT) and Central Board of Excise and Customs (CBEC) handling international transfer pricing matters, involved in advance pricing agreement cases and dealing with issues pertaining to safe harbour mechanism in Income Tax as well as Customs Department. For this purpose, National Academy of Direct Taxes (NADT) and National Academy of Customs, Excise and Narcotics (NACEN)

should pay more attention than ever before on priority, develop and organise frequent training programmes and workshops for transfer pricing officers (TPOs) and share with them the new knowledge in the field from the different parts of the world.

5. Conclusion

The paper throws the light on the issues being faced both by the tax authorities and the companies regarding the lack of trained manpower in the field of transfer pricing and related documentation. India's transfer pricing system is currently evolving with steps like incorporation of APA and SHR provisions, but in spite of this the transfer pricing system as a whole is still in the stage of infancy and needs more experienced and trained officials to handle it with accuracy and efficiency. This is the case not only in countries like India but even the in more developed economies. Since, it is still an emerging area wherein the human resources involved are not aptly equipped with the sufficient know-how regarding various formalities and documentations; it has resulted in the creation of a major gap between demand and supply of human resources related to transfer pricing systems. Considering that the HR is great enabler to get the desired results, significant efforts are therefore, needed from both fronts i.e., tax authorities and the multi-national enterprises, so as to uplift the number of trained managers dealing with transfer pricing system. If this is done at this juncture, new transfer regime may be managed more effectively to deliver the results as per the expectations. Therefore, there will be fewer disputes and litigations and the country will attract more foreign investment and technology.

Notes

1. For the survey of literature on Research of Intra Firm Trade, see, WANG Li, SHEN Rui
2. For transfer pricing in services, see Chugan (2008).
3. For instance, a Korean firm manufactures a MP3 player for \$100, but its US subsidiary buys it for \$199, and then sells it for \$200. By doing this, the firm's bottom line does not change but the taxable profit in the US is drastically reduced. At a 30 per cent tax rate, the firm's tax liability in the US would be just 30 cents instead of \$30 (Singh 2007).
4. For sector specific detail on SHRs, see Chugan (2014). For complete details on safe harbour rules and the notification see, <http://www.transferpricing-india.com/safe-harbour-rules.htm> accessed on Nov. 24, 2013.
5. For details see, KPMG (2015).
6. For details see, PWC (2013/14), Chapter 33 on Germany.

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