

## 1. Introduction

Thank you very much for sharing your knowledge of the current transfer pricing environment.

This questionnaire is interested in gaining a deeper understanding into the costs of aggressive transfer pricing enforcement by tax authorities around the world. Numerous tax authorities around the world have increased their scrutiny of transfer pricing as a strategy to protect and increase tax revenues. Although the increased tax revenues are always propounded as a benefit of the strategy, there is seldom if ever any discussion of potential costs of this aggressive enforcement. We are interested in investigating the broad effects of this enforcement strategy. Specifically we are attempting to identify factors that affect "transfer pricing risk" and how these risks imposed by tax authorities affect economic behavior.

Due to the extremely limited amount of publicly available data concerning transfer pricing, the sharing of your expertise is essential and extremely appreciated in developing academic research into this important area in the hopes of producing new knowledge about the challenges of transfer pricing.

Please note that all responses will be kept strictly confidential and that all responses are considered the personal opinion of the individual who has had experience in the transfer pricing area and not those of the company or organization where the individual gained these experiences.

**1. The research project plans to make a donation to a charitable organization as appreciation for your gift of time and knowledge. if you have a particular charity you would like to see benefit from your participation please list an organization below. If you do not have a particular organization in mind, the donation will be made to the most popular response of other respondents.**

## 2. Instructions

The sharing of your expertise on this topic is very appreciated and essential to our research as there are few individuals in the world that have this knowledge. The questions have been designed to address our research questions concerning the economic costs of aggressive transfer pricing enforcement. We definitely encourage you to respond to as many questions as possible in order that we can develop as much new knowledge in this area as possible, however, if for any reason you are not comfortable answering a question, please feel free to leave that question blank. If there are times when an exact answer is not available please provide us with your best estimate.

Again, we appreciate the sharing of your expertise and support of research

### 3. Respondent Information

The responses in this section will help us with our statistical analysis. The responses are considered to be the responses of the individual and not the organization. Any information provided will be kept strictly confidential and any statistical outcomes will be in aggregate so that no single response can ever be identified.

#### 1. What is your position at the company?

- VP Tax or CTO
- CFO/ Financial Director
- Tax Director
- Tax manager
- Other

#### 2. Do you work for a subsidiary or the parent company?

- Subsidiary
- Parent

#### 3. How many years of experience do you have working in the transfer pricing area?

- Less than 1 year
- 1-2 years
- 3-5 years
- 5-10 years
- Greater than 10 years

**4. Outside of your home jurisdiction, with which countries or territories have you had direct transfer pricing experience?**

I have had experience with

Argentina	<input type="checkbox"/>
Australia	<input type="checkbox"/>
Austria	<input type="checkbox"/>
Bahamas	<input type="checkbox"/>
Barbados	<input type="checkbox"/>
Belgium	<input type="checkbox"/>
Bermuda	<input type="checkbox"/>
Brazil	<input type="checkbox"/>
British Virgin Islands	<input type="checkbox"/>
Canada	<input type="checkbox"/>
Cayman Islands	<input type="checkbox"/>
China	<input type="checkbox"/>
Denmark	<input type="checkbox"/>
Finland	<input type="checkbox"/>
France	<input type="checkbox"/>
Germany	<input type="checkbox"/>
Hong Kong	<input type="checkbox"/>
India	<input type="checkbox"/>
Ireland	<input type="checkbox"/>
Italy	<input type="checkbox"/>
Japan	<input type="checkbox"/>
Malaysia	<input type="checkbox"/>
Mexico	<input type="checkbox"/>
Netherlands	<input type="checkbox"/>
Netherlands (Dutch) Antilles	<input type="checkbox"/>
New Zealand	<input type="checkbox"/>
Norway	<input type="checkbox"/>
Singapore	<input type="checkbox"/>
South Africa	<input type="checkbox"/>
Spain	<input type="checkbox"/>
Sweden	<input type="checkbox"/>
Switzerland	<input type="checkbox"/>
U.S. Virgin Islands	<input type="checkbox"/>
United Kingdom	<input type="checkbox"/>
United States	<input type="checkbox"/>

Other (please specify)

**5. How many full time tax personnel are employed company wide?**

- <5
- 6-10
- 11-20
- 21-50
- 51-100
- >100

**6. What is the approximate annual budget of your company's tax department?**

- <\$100,000
- \$100,000-\$250,000
- \$250,000-\$500,000
- \$500,000-\$1,000,000
- \$1,000,000-\$5,000,000
- \$5,000,000-\$10,000,000
- \$10,000,000- \$25,000,000
- \$25,000,000-\$50,000,000
- Greater than \$50,000,000

**7. In what country is your office located?**

**8. In what country is your company incorporated or organized?**

## 4. Transfer pricing resource burden

The following questions are aimed at measuring the resources required for transfer pricing at your firm.

### 1. How many employees are dedicated to transfer pricing activities?

- 1-2
- 3-5
- 5-10
- >10

### 2. In your opinion, do you feel that your company:

- Would benefit from investing additional resources in transfer pricing activity
- Has invested appropriate resources in transfer pricing activities for your needs
- Could invest less in transfer pricing activities

### 3. In your opinion, in terms of time and financial resources required for various tax areas, how would you rate transfer pricing?

- 1 Transfer pricing is one of the least burdensome areas of tax
- 2
- 3 Transfer pricing is no more or less burdensome than other areas of tax
- 4
- 5 Transfer pricing is one of the most burdensome areas of tax

### 4. What percentage of your company's tax resources are consumed by transfer pricing activity?

- <10%
- 10%-30%
- 30%-50%
- 50%-70%
- 70%-90%
- > 90%

**5. 10 years ago in the year 2000, What percentage of your company's tax resources would have been consumed by transfer pricing activity?**

- <10%
- 10%-30%
- 30%-50%
- 50%-70%
- 70%-90%
- > 90%

**6. Of tax resources spent on transfer pricing what was the percentage spent on compliance versus planning in the last 12 months?**

- 90% compliance/ 10% planning
- 80% compliance/ 20% planning
- 70% compliance/ 30% planning
- 60% compliance/ 40% planning
- 50% compliance/ 50% planning
- 40% compliance/ 60% planning
- 30% compliance/ 70% planning
- 20% compliance/ 80% planning
- 10% compliance/ 90% planning

**7. Of tax resources spent on transfer pricing, what was the percentage spent on compliance versus planning in the last 5 years?**

- 90% compliance/ 10% planning
- 80% compliance/ 20% planning
- 70% compliance/ 30% planning
- 60% compliance/ 40% planning
- 50% compliance/ 50% planning
- 40% compliance/ 60% planning
- 30% compliance/ 70% planning
- 20% compliance/ 80% planning
- 10% compliance/ 90% planning

**8. Of tax resources spent on transfer pricing what is your estimate of the percentage spent on compliance versus planning, 10 years ago in the year 2000?**

- 90% compliance/ 10% planning
- 80% compliance/ 20% planning
- 70% compliance/ 30% planning
- 60% compliance/ 40% planning
- 50% compliance/ 50% planning
- 40% compliance/ 60% planning
- 30% compliance/ 70% planning
- 20% compliance/ 80% planning
- 10% compliance/ 90% planning

**9. What percentage of your transfer pricing tax planning work is outsourced?**

- <5%
- 5%-10%
- 10%-20%
- 20%-30%
- 30%-40%
- 40%-50%
- 50%-60%
- 60%-70%
- 70%-80%
- 80%-90%
- 90%-100%

**10. If your tax planning is outsourced, to whom is it outsourced?**

- Auditor
- Non-auditor accounting firm
- Non-auditor consulting firm
- Law firm
- Other



**11. What percentage of your transfer pricing compliance work is outsourced?**

- <5%
- 5%-10%
- 10%-20%
- 20%-30%
- 30%-40%
- 40%-50%
- 50%-60%
- 60%-70%
- 70%-80%
- 80%-90%
- 90%-100%

**12. What percentage of overall tax compliance work(both transfer pricing and non-transfer pricing) is outsourced?**

- <5%
- 5%-10%
- 10%-20%
- 20%-30%
- 30%-40%
- 40%-50%
- 50%-60%
- 60%-70%
- 70%-80%
- 80%-90%
- 90%-100%

**13. If your tax compliance is outsourced, to whom is it outsourced?**

- Auditor
- Non-auditor accounting firm
- Non-auditor consulting firm
- Law firm
- Other

**14. What percentage of overall tax planning work (both transfer pricing and non-transfer pricing work) is outsourced?**

- <5%
- 5%-10%
- 10%-20%
- 20%-30%
- 30%-40%
- 40%-50%
- 50%-60%
- 60%-70%
- 70%-80%
- 80%-90%
- 90%-100%

**15. I would assess the reputational cost of losing a tax dispute, covered by the media, relating to a non-transfer pricing tax issue as:**

- 1 Not a major cost or concern to the company
- 2
- 3 Somewhat of a cost or concern to the company
- 4
- 5 Major cost or concern to the company

**16. I would assess the reputational cost of losing a tax dispute, covered by the media, relating to a transfer pricing tax issue as:**

- 1 Not a major cost or concern to the company
- 2
- 3 Somewhat of a cost or concern to the company
- 4
- 5 Major cost or concern to the company

**17. Please rate the scrutiny by your firm's audit committee on transfer pricing issues where 1 is no scrutiny and 5 indicates the board highly scrutinizes transfer pricing issues:**

- 1 No scrutiny of transfer pricing issues
- 2
- 3 Moderate scrutiny of transfer pricing issues
- 4
- 5 Highly scrutinize transfer pricing issues

**18. What is the most important tax issue to your audit committee?**

**19. When trying to make tax decisions do you assess the probability of being audited by a tax authority?**

- Yes
- No

**5.**

**1. When trying to assess the probability of audit by a tax authority which of the following sources of information about the tax authority's audit intensity have you used? (Choose as many as apply)**

- Discussions with Tax advisor
- TRAC data (IRS audit rates) or equivalent
- Discussions with Auditor
- Discussions with peer institutions
- Past audit rates disclosed by the tax authority

Other (please specify)

**2. From your experience, does a company's assessment of a higher probability of tax authority audit, lead the company to take:**

- A less aggressive tax position due to the risk of being challenged
- Have no effect on the tax position taken
- A more aggressive tax position for expected bargaining purposes

**3. Has the importance of assessing the tax authority's audit probability when making tax decisions changed in the past 10 years?**

- It has become much more important
- It has become more important
- It has not changed
- It has become less important
- It has become much less important

**4. If there is a change in assessed tax risk and a company wanted to alter their plan or position.**

**What percentage of tax plans or positions can be changed: (Please enter 25 for 25% etc.)**

Within 1 month	<input type="text"/>
Within 6 months	<input type="text"/>
Within 1 year	<input type="text"/>
Within 2-3 years	<input type="text"/>
Within 3-5 years	<input type="text"/>
Greater than 5 years	<input type="text"/>

**5. Could you provide any examples of very common tax situation/plan/position or issue that can only be altered in the following horizons.**

Within 1 month

Within 6 months

Within 1 year

Within 2-3 years

Within 3-5 years

Greater than 5 years

## 6. Company demographics

Demographic information about the organization (e.g., industry, size) is essential for gaining a deeper understanding than what is currently known about who is bearing the costs associated with transfer pricing risk.

### 1. Which best describes your company's equity:

- Publicly owned
- Privately owned
- Privately owned but our debt is publicly traded
- Government owned
- Publicly and government owned
- Privately and government owned
- Other

## 7. Public company demographic information

Company name information is important for two reasons. First it allows us to save you time by skipping the next 10 questions in order to focus on your transfer pricing expertise that we're most interested in as we can then use external data from public sources such as Compustat for company-level demographic information (ie/ size, industry etc) rather than having to use your time to provide us with this information.

Demographic information of this sort is essential for gaining a deeper understanding than is currently known of who is bearing the costs associated with transfer pricing risk. Secondly it will help us control for multiple responses from individuals from the same company in our statistical analysis.

Please note that any information provided will be kept strictly confidential and is subject to the legally binding confidentiality agreement signed by the researcher and TEI. Under this agreement, no identifying information is allowed to be disclosed and any statistical disclosures relating to the data are guaranteed to be aggregated and subject to review by TEI to insure the confidentiality of all respondents.

Although encouraged for time efficiency provision of the company's name is completely optional.

### **1. Would you like to save time by providing your company name so the researcher can answer the next 10 questions about company demographics for you? (e.g./ industry, sales, total assets etc.)**

- Yes
- No

If yes, please provide - Company name, ticker, exchange

## 8. Demographic information

### 1. Please indicate your industry membership

- Agriculture, Forestry, Fishing and/or Hunting
- Mining
- Utilities
- Construction
- Manufacturing
- Wholesale Trade
- Retail Trade
- Transportation and Warehousing
- Information
- Finance and Insurance
- Real estate, Rental and Leasing
- Professional, Scientific and Technical Services
- Management of Companies (Holding companies)
- Admin. Support, Waste Mgt. and Remediation Services
- Educational Services
- Health Care and Social Assistance
- Arts, Entertainment and Recreation
- Accommodation and Food Services
- Other Services
- None of the above

### 2. Indicate the accounting standard your company used for its most recent annual financial statements

- GAAP
- IFRS
- Statutory
- Tax-Basis

Other (please specify)



**3. As of your most recent annual fiscal period what was your financial statement Effective Tax Rate (ETR), where  $ETR = \text{total tax expense} / \text{worldwide pretax income}$ ? (For example please enter 25 for 25%)**

**4. As of your most recent annual fiscal period, does your firm have any U.S. Net Operating Losses?**

- Yes  
 No

**5. As of your most recent annual fiscal period, does your firm have any Non-U.S. Net Operating Losses?**

- Yes  
 No

**6. The percent of all income taxes that my company paid to its: (Please enter 25 for 25%)**

Home country federal government	<input type="text"/>
Foreign country federal governments	<input type="text"/>
Home country local/state governments	<input type="text"/>
Foreign country local/state governments	<input type="text"/>

**7. The percent of all non-income taxes that my company paid to its: (Please enter 25 for 25%)**

Home country federal government	<input type="text"/>
Foreign country federal governments	<input type="text"/>
Home country local/state governments	<input type="text"/>
Foreign country local/state governments	<input type="text"/>

**8. The percent of my company that is financed through: (Please enter 25 for 25% and insure your response sums to 100)**

Debt	<input type="text"/>
Equity	<input type="text"/>
Mezzanine securities	<input type="text"/>

**9. My company's asset size as of the most recent annual fiscal period is:**

- <\$10M
- \$10M - <\$25M
- \$25M - <\$50M
- \$50M - <\$100M
- \$100M - <\$250M
- \$250M - <\$500M
- \$500M - < \$1B
- \$1B - <\$5B
- \$5B - <\$10B
- \$10B - <\$50B
- \$50 - <\$500B
- \$500B or more

**10. My company's sales as for the most recent annual fiscal period:**

- <\$10M
- \$10M - <\$25M
- \$25M - <\$50M
- \$50M - <\$100M
- \$100M - <\$250M
- \$250M - <\$500M
- \$500M - < \$1B
- \$1B - <\$5B
- \$5B - <\$10B
- \$10B - <\$50B
- \$50 or more

## 9. Company tax environment

In order to analyze what type of firms are most affected by aggressive transfer pricing enforcement we need to collect demographic information in the form of 20 questions. However to save time you have the option to provide your company and the information such as industry and size can be pulled from the compustat database.

### 1. As of the most recent annual fiscal period, my company files country-level consolidated tax returns in:

- United States only
- United States and one other country
- United States and up to 10 other countries
- United States and up to 20 other countries
- United States and over 20 other countries
- Not the U.S. but does file in one other country
- Not the U.S. but does file in up to 10 other countries
- Not the U.S. but does file in up to 20 other countries
- Not the U.S. but does file in over 20 other countries
- Does not file a consolidated tax return

### 2. Regarding my company's current tax audit environment, my company (check all that apply):

- Is not currently under an audit by federal or state authorities from any country
- Is currently under audit by the U.S. tax authority
- Is currently under audit by between one and five federal tax authorities
- Is currently under audit by between more than five federal tax authorities
- Is currently under audit by between one and five U.S. state tax authorities
- Is currently under audit by between more than five U.S. state tax authorities

### 3. Regarding the tax audit environment in the past three fiscal years, my company (check all that apply):

- Has not undergone litigation against federal or state tax authorities from any country.
- Has undergone litigation against the U.S. tax authority.
- Has undergone litigation against between one and ten federal tax authorities.
- Has undergone litigation against more than ten federal tax authorities.
- Has undergone litigation against between one and ten U.S. state tax authorities.
- Has undergone litigation against more than ten U.S. state tax authorities.

**4. Regarding the tax audit environment in the past three fiscal years, my company (check all that apply):**

- Did not have a tax settlement with state or federal tax authorities from any countries.
- Had a tax settlement with the U.S. tax authority.
- Had a tax settlement with between one and ten federal tax authorities.
- Had a tax settlement with more than ten federal tax authorities.
- Had a tax settlement with between one and ten U.S. state tax authorities.
- Had a tax settlement with more than ten U.S. state tax authorities.

**5. My company is a CAP (Compliance Assurance Process) audit participant with the IRS:**

- Yes
- No

**6. If you answered "Yes" above, please indicate the primary reason why your firm participates in CAP:**

**7. If you answered "No" above, please indicate the primary reason why you believe your firm may want to participate in CAP:**

- Financial Statement Benefits: Reduce the tax reserve, e.g., FIN 48 unrecognized tax benefits
- Tax Return Quality: Ensure tax compliance is high
- Tax Return Efficiency: Secure tax refunds, finalize tax payments, and resolve outstanding issues as quickly as possible
- Corporate Governance: Provide additional monitoring of management
- Compensation: Executive or Manager Compensation tied to either or both of tax return and/or financial statement quality.

Other (please specify)

**8. Please enter the number (or estimate) of subsidiaries your company operates:**

U.S.

Non-U.S.

**9. Please enter an estimate of the total percentage of total assets that are: (Please enter 25 for 25%)**

U.S. based

Non-U.S. based

**10. The most significant non-income tax item my company faces is:**

- Value-Added Tax
- Sales Tax
- Payroll Tax
- Real Estate Tax

Other (please specify)

**11. Is R&D a regular part of your firm's business?**

- Yes
- No

**12. Please rate the importance of R&D to the success of your firm on a scale of 1 to 5, where 1 is not that important and 5 is very important**

- 1 Not important
- 2
- 3 Moderately important
- 4
- 5 Very important

**13. The ratio of total R&D expenditures-to-sales that is:(Please enter 25 for 25%)**

U.S. based

Non-U.S. based

**14. Please rank the statement below, from 1 (least important factor) to 6 (most important factor). Please rank at least one factor, but do not rank the items with the same number. If any additional factors are not relevant, do not rank them by choosing N/A.**

**My company makes decisions on the location of intellectual property based on:**

	N/A	Least important 1	2	3	4	5	Most important 6
Operations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Distributions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Access to Financial Capital	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Access to Human Capital/Talent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information and communication infrastructure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Transfer Pricing Risk	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Proximity to home	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tax incentives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Government subsidies/grants	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Relative Cost	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Strength of Protection of Intellectual Property	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

**15. Is your company involved in any cross-border cost sharing/contribution arrangements related to R&D activities?**

- Yes
- No

**16. If yes to question 15, in your opinion, have the cost sharing/contribution arrangements been successful in decreasing your transfer pricing risk?**

- Yes
- No

**17. If yes to question 15, in your opinion, have the cost sharing/contribution arrangements been successful in helping to minimize your company's taxes?**

- Yes
- No

**18. In which three countries would you be most likely to enter into a cost sharing/contribution arrangement?**

1)

2)

3)

**19. Does your company generally have excess foreign tax credits?**

Yes

No

## 10. Regulations impact on transfer pricing risk

These questions are aimed at helping us develop a measure of transfer pricing risk at a country level.

Transfer pricing risk in the context of this survey is defined as the risk of a decrease in future cashflows related to transfer pricing activities if challenged by tax authorities. This includes all costs associated with the risk of a denial of a transfer pricing position and the risk of penalties incurred.

### 1. When considering the transfer pricing risk of a particular country, what is the effect of the following regulations

	Increases transfer pricing risk	No affect on transfer pricing risk	Decreases transfer pricing risk
The government identifies a priority of TP methods to use	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government allows TNMM	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government uses best method practise	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government requires disclosure on the tax return concerning related party transaction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government has legislation requiring transfer pricing documentation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government requires the documentation to be written contemporaneous with transaction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government uses proprietary tax data, "secret comparables" to calculate "revised" transfer price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government does not offer a reduction in penalties	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government sets a threshold for when penalties apply	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government does not allow related party setoffs (bundling of transactions)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government does not allow a taxpayer to go to competent authority before paying tax	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government does not allow cost-contribution arrangements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government does not allow commissionaire	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



arrangements

The government does not allow foreign comparables when estimating transfer price

The government allows APA agreements

The government allows a self initiated adjustment

Benchmark data is available to taxpayer

The governments rules are not aligned with OECD rules

The government has a long period for statute of limitations

The regulations contain safe harbor rules

## 2. Please indicate your agreement or disagreement with the following statement:

Agree

Somewhat agree

Somewhat disagree

Disagree

Countries with more established transfer pricing rules generally have stronger enforcement

Countries with more established transfer pricing rules impose more risks related to transfer pricing

Countries with stronger enforcement impose more risks related to transfer pricing

## 3. Are there any other country-level factors or specific regulations that you feel significantly increase or decrease transfer pricing risk?

## 11. Transfer pricing risk and corporate decisions

These questions are aimed at gaining a deeper understanding of the direct and indirect effects of transfer pricing risk on corporate decisions. One of the important goals of this research is to gain a deeper understanding of the costs of the transfer pricing risk imposed by tax authorities.

### 1. When initially entering a foreign country, which of the following methods has your company used (select all that apply):

- Purchased shares of an existing company operating in the foreign country
- Started your own company in the foreign country

Other (please specify)

### 2. Generally when entering a new country, to what degree do tax issues influence the choice between acquisition and greenfield development?

- 1 Low importance
- 2
- 3 Moderate importance
- 4
- 5 Very important

### 3. How would the following factors impact your assessment of transfer pricing risk associated with the acquisition of a target?

	increase TP risk	Decrease TP risk	not a factor
Prior year losses by target	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Prior year losses by acquirer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The acquisition is for strategic reasons and will be integrated into operations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The acquisition is purely a financial investment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The target has a high level of intangible assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The target is a multinational	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The acquirer already has operations in the target's country	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The target uses a big four auditor for their financial statement assurance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The target is cross-listed on more than one stock exchange	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A portion of the deal will be financed by foreign funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Target was a private company	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### 4. What other company level publicly available information could you use to assess transfer pricing risk of a target?

### 5. Do you believe transfer pricing risk is factored into the price of a cross-border acquisition?

Yes

No

### 6. What other tax factors are factored into the price of a cross-border acquisition?

**7. Do you believe transfer pricing risk influences the decision to invest in greenfield development?**

- Yes
- No

**8. What other tax factors influence the decision to invest in greenfield development?**

**9. Besides cross-border merger and acquisitions, what other business decisions can be largely impacted by high levels of transfer pricing risk?**

**10. In your estimate, how often do the perceived tax-benefits of an acquired target pay-off?**

- <10% of the time
- 10-30% of the time
- 30%-50% of the time
- 50%-70% of the time
- 70%-90% of the time
- >90% of the time

**11. How do companies assess the efficiency of their own transfer pricing practises?  
(check as many as apply)**

- Overall ETR
- Foreign ETR
- FIN 48
- Cash taxes paid
- Success in disputes with tax authorities
- Lack of disputes with tax authorities
- Number of challenges by tax authorities (more is worse)
- Number of challenges by tax authorities (more is better)

Other (please specify)

**12. How do you assess the likelihood of a company to obtain external support/advice on their transfer pricing relative to other tax functions and tax issues face by a firm?**

- Firms are more likely to seek external support/advise for transfer pricing than other tax issues
- There is no difference
- Firms are less likely to seek external support/advise for transfer pricing than other tax issues

**13. From whom does your firm obtain advice on transfer pricing (check as many as apply)**

- All Advice on transfer pricing is internally generated by my company
- A majority of the advice on transfer pricing is internally generated by my company
- A minority of the advice on transfer pricing is internally generated by my company
- My company does not internally generate advice on transfer pricing
- Auditor
- Non-auditor accounting firm
- Non-auditor consulting firm
- Law firm
- Investment Bank

Other (please specify)

## 12. Transfer pricing around the world

These questions are again aimed at helping us gain insights into transfer pricing risk at a country level

### 1. Which are the five countries that you would most like to avoid dealing with in terms of transfer pricing?

The countries I prefer to avoid are:

### 2. Can you identify any specific or common factors that make these countries difficult to deal with?

### 3. Looking at the five countries you have chosen, which statement is most true

- These countries have very severe compliance burdens
- These countries have very severe penalties
- These countries combine severe penalties with severe compliance burdens
- These countries have very unclear regulations
- These countries have very intense enforcement

## 13. Transfer pricing within the United States

### 1. Do you have operations in more than one U.S. State?

Yes

No

## 14.

### 1. Which are the five U.S. states that you would most like to avoid dealing with in terms of transfer pricing?

1)

2)

3)

4)

5)

### 2. Looking at the five U.S. states you have chosen, which statement is most true

- These states have very severe compliance burdens
- These states have very severe penalties
- These states combine severe penalties with severe compliance burdens
- These states have very unclear regulations
- These states have very intense enforcement



## 15. Transfer pricing risk across countries

**1. In your experience does a country with very strict and strong enforcement of corporate tax rules necessarily indicate that the country will have strong enforcement and strict transfer pricing rules?**

Yes

No

Other (please specify)

**2. Based on your experiences, please rate the overall transfer pricing risk of the following countries from 1 (least risky) to 5 (very risky).**

	1 Not risky	2	3	4	5 Very risky
Argentina	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Australia	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Austria	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bahamas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Barbados	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Belgium	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bermuda	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Brazil	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
British Virgin Islands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Canada	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cayman Islands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
China	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Denmark	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Finland	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
France	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Germany	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Hong Kong	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
India	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ireland	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Italy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Japan	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Malaysia	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mexico	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Netherlands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Netherlands (Dutch) Antilles	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
New Zealand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Norway	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Singapore	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
South Africa	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Spain	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sweden	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Switzerland	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
U.S. Virgin Islands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
United Kingdom	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
United States	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### 3. How would you rate the level of enforcement of transfer pricing rules in each of the following countries?

	1 (low level of enforcement)	2	3	4	5 (high level of enforcement)
Argentina	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Australia	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Austria	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bahamas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Barbados	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Belgium	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bermuda	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Brazil	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
British Virgin Islands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Canada	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cayman Islands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
China	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Denmark	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Finland	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
France	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Germany	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Hong Kong	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
India	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ireland	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Italy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Japan	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Malaysia	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mexico	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Netherlands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Netherlands (Dutch) Antilles	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
New Zealand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Norway	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Singapore	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
South Africa	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Spain	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sweden	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Switzerland	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
U.S. Virgin Islands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
United Kingdom	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
United States	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**4. How would you rate the experience and expertise of the transfer pricing auditors from the following jurisdictions?**

	1 (Low level of experience and expertise)	2	3	4	5 (High level of experience and expertise)
Argentina	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Australia	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Austria	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bahamas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Barbados	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Belgium	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bermuda	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Brazil	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
British Virgin Islands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Canada	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cayman Islands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
China	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Denmark	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Finland	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
France	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Germany	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Hong Kong	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
India	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ireland	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Italy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Japan	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Malaysia	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mexico	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Netherlands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Netherlands (Dutch) Antilles	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
New Zealand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Norway	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Singapore	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
South Africa	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Spain	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sweden	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Switzerland	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
U.S. Virgin Islands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
United Kingdom	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
United States	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**5. Does your company enter into: (check any that apply)**

- Unilateral advanced pricing agreements
- Bilateral advanced pricing agreements
- Neither

**6. Which countries do you have unilateral advanced pricing agreement experience with and how long did the process take?**

	Country	How long did the process take?
Agreement A	<input type="text"/>	<input type="text"/>
Agreement B	<input type="text"/>	<input type="text"/>
Agreement C	<input type="text"/>	<input type="text"/>
Agreement D	<input type="text"/>	<input type="text"/>
Agreement E	<input type="text"/>	<input type="text"/>
Agreement F	<input type="text"/>	<input type="text"/>
Agreement G	<input type="text"/>	<input type="text"/>
Agreement H	<input type="text"/>	<input type="text"/>
Agreement I	<input type="text"/>	<input type="text"/>
Agreement J	<input type="text"/>	<input type="text"/>

**7. Between which countries do you have bilateral agreement experience with and approximately how long did it take the process take?**

	Bilateral country 1	Bilateral country 2	How long did the process take?
Agreement A	<input type="text"/>	<input type="text"/>	<input type="text"/>
Agreement B	<input type="text"/>	<input type="text"/>	<input type="text"/>
Agreement C	<input type="text"/>	<input type="text"/>	<input type="text"/>
Agreement D	<input type="text"/>	<input type="text"/>	<input type="text"/>
Agreement E	<input type="text"/>	<input type="text"/>	<input type="text"/>
Agreement F	<input type="text"/>	<input type="text"/>	<input type="text"/>
Agreement G	<input type="text"/>	<input type="text"/>	<input type="text"/>
Agreement H	<input type="text"/>	<input type="text"/>	<input type="text"/>
Agreement I	<input type="text"/>	<input type="text"/>	<input type="text"/>
Agreement J	<input type="text"/>	<input type="text"/>	<input type="text"/>

Do you have additional agreements beyond those listed? (yes or no)

## 16. The effect of financial reporting on transfer pricing

These questions are aimed at learning more about how recent non-tax regulations and enforcements have affected transfer pricing risk

### 1. In your opinion how have the following changes in the financial reporting environment affected the ability of taxpayers to manage transfer pricing efficiently for tax purposes

	Eliminated tax efficiency		No significant affect		Increased tax efficiency
Sarbanes Oxley	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
FIN 48 rules in U.S.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
IFRS	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### 2. In the academic literature for transfer pricing there are five common factors that are hypothesized to affect transfer pricing. In your experience, when everything is finalized how would you rate the relative influence of these factors on determining the taxpayer's transfer pricing strategy

	Most influential factor		Some influence		Not an influential factor
Management accounting incentive - Subsidiary performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management accounting incentive- Manager's compensation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial accounting incentive - Maximize earnings	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial accounting incentive - Clean audit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tax incentive - Maximize tax efficiency	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### 3. To facilitate the many influences on determining a transfer price, do companies calculate different transfer prices for different purposes within the company? (ie. calculate one price for tax purposes and another for assessing subsidiary performance etc)

- Yes
- No
- Sometimes

**4. If you answered "YES" or "SOMETIMES" to #3, what factors lead to a company calculating two separate transfer prices instead of just one?**

- Size of the subsidiary relative to the parent
- Value or frequency of the transaction to the subsidiary
- Value or frequency of the transaction to the parent
- The country of the subsidiary
- The country of the parent
- One time event for firm (ie M&A, upcoming stock issuance etc)
- The transfer price would affect the compensation of subsidiary managers

**5. Is there additional factors not mentioned above that increase or decrease the calculation of two different transfer prices for the same transaction by the company?**

**6. Under what circumstances do you think a company is most likely to forego potential tax efficiencies due to financial reporting considerations?**

**7. In your opinion, where is the largest impact of transfer pricing on financial reporting?**

**8. Has Fin 48 changed the way companies approach transfer pricing?**

- Yes, Firms are more likely to forego tax efficiencies
- Yes, Firms are more likely to search out tax efficiencies
- No, Firms behaviors are generally unchanged

**9. Has Fin 48 changed managements risk tolerance as it evaluates whether or not to take a transfer pricing position**

- Firms have become more risk averse
- No difference
- Firms have become more risk seeking

**10. Has FIN 48 led to any other notable differences in companies approaches to transfer pricing?**

**11. Has FIN 48 increased the involvement of the company's audit committee in the tax department?**

Yes

No

**12. What is your estimate of the percent of your total ending balance tax reserves (e.g., FIN 48 unrecognized tax benefits) is represented by risks related to transfer pricing? (please provide your response in decimal form where .25 represents 25%)**

**13. We are familiar with financial reporting in North America but are interested in transfer pricing around the world. If you are from a non-North American country, are there any financial reporting requirements particular to your country that provide insights into a firm's transfer pricing that may be publicly available?**



## 17. Transfer pricing in difficult economic times

One area of my research, is trying to provide assistance in addressing the inherent difficulties of transfer pricing in recessionary or difficult economic times.

### 1. In general, how has the recession affected the behaviour of tax authorities:

- They have become more strict
- They have become less strict
- There has not been a change

### 2. With respect to transfer pricing issues in particular, how has the recession affected the behaviour of tax authorities:

- They have become more strict
- They have become less strict
- There has not been a change

### 3. Does the strictness of a country's transfer pricing rules and enforcement affect the ability of a taxpayer to react to market downturns and adjust their transfer pricing in a tax efficient manner?

- Yes
- No

#### 4. How have the following regulations affected your company's ability to manage transfer pricing policies/risks efficiently in recessionary or difficult economic times

	Make it easier to transfer price efficiently during a recession	No affect on a firms ability to transfer price efficiently	Make it more difficult to tranfer price efficiently during a recession
The government identifies a priority of TP methods to use	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government allows TNMM	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government uses best method practise	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government requires disclosure on the tax return concerning related party transaction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government has legislation requiring transfer pricing documentation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government requires the documentation to be written contemporaneous with transaction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government uses proprietary tax data, "secret comparables" to calculate "revised" transfer price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government does not offer a reduction in penalties	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government sets a threshold for when penalties apply	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government does not allow related party setoffs (bundling of transactions)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government does not allow a taxpayer to go to competent authority before paying tax	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government does not allow cost-contribution arrangements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government does not allow commissionaire arrangements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government does not allow foreign comparables when estimating transfer price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government allows APA agreements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The government allows a	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

self initiated adjustment

Benchmark data is available to taxpayer

The governments rules are not aligned with OECD rules

The government has a long period for statute of limitations

The regulations contain safe harbor rules

**5. Are there any additional specific regulations or tax authority attributes that affect a taxpayer's ability to transfer price efficiently in a recession?**

**6. Are certain taxpayer's, better situated to adjust their transfer pricing in the face of economic downturn?**

Yes

No

**7. If yes, in your experiences, what attributes allow a taxpayer's transfer pricing to react efficiently to an economic downturn or alternatively what factors hinder a firm from reacting optimally to an economic downturn?**

**8. An upcoming research paper documents that despite the firm reporting losses, certain business segments along the chain may be reporting profits. The paper does not comment on transfer pricing's role in this. Could transfer pricing be playing a role here? What transfer pricing factors (regulatory or firm-specific influence) may lead to profits in one region and losses in another when overall there is a loss?**

## 18. Thank You

**1. Thank you very much for sharing your experience and knowledge.**

**If you are interested in the outcomes of the study or have any additional questions or comments please feel free to email me at:**

**mescall@edwards.usask.ca**

**or provide me your email below and I will be sure to send you a copy of the final paper.**

**Thank you so much for your help.**

**Sincerely,**

**Dr. Devan Mescall**