

Your specialized OTP solution

Our approach to operational transfer pricing

Chief Tax Officers (CTOs) say changing tax and accounting requirements have increased the need for separate legal entity reporting. The changing regulatory environment requires more dynamic scenario planning.

As a multinational company with a complex cross-border transaction structure, your transfer pricing policies create intercompany accounting challenges that are unique to your business. As your business changes and faces increasing demands from the global regulatory environment, you need an operational transfer pricing (OTP) strategy that helps ensure data integrity, efficient integration with other key functional areas, and provides reporting transparency into the implementation of your transfer pricing strategies. CTOs say they struggle to get the information and cooperation they need from finance. Their unique business structure makes OTP solutions difficult to find.

At KPMG, our OTP approach helps to ensure that we select from the entire range of tools and technology available to design and effect a solution that directly addresses your company's unique policy implementation needs. The results include an improvement in the integrity of your intercompany accounting, increased operational efficiency, and reduced risk.

We address all parts of the transfer pricing lifecycle—plan, implement, document and defend—and place an emphasis on implement when we design OTP solutions and leading practices in four key areas.

Operational TP

Process and policy improvement

We use KPMG's structured approach that brings together industry recognized techniques, such as Lean Six Sigma and Design Thinking, to identify and test all the processes that impact transfer pricing outcomes and use the results and data accumulated to derive improvement solutions.

Finance system readiness (ERP)

We support transfer pricing enablement in new system implementations and also provide solutions when existing enterprise and finance systems are not set up to facilitate and reflect your current transfer pricing model, pricing calculations and transactions flows.

Governance and controls

We assist clients in implementing an appropriate governance framework using tools such as RACI (Responsible, Accountable, Consulted and Informed) analysis, helping to ensure that all OTP processes and issues are correctly monitored, controlled and documented.

Technology and automation

Our technology-agnostic approach helps ensure that we recommend and implement the most effective technology solutions to individual steps in price setting and adjustments, introducing automation and eliminating waste wherever possible.

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Key benefits of our approach

ROI and savings Rapid deployment and reduction in manual hours	Efficiency gain Significantly reduce manual efforts and process turnaround and cycle time	Risk mitigation Reduce risk through standardized template reduction of manual efforts	Driving insight Provide a platform for impactful analytics and reporting
Process controls	Collaboration	Accuracy and reliability	Scalable design
Traceable and auditable	Better coordination and	Enhance process	Build scalable solution
solutions with robust	collaboration among	accuracy and reliability	through flexible and
process controls	various stakeholders	by augmenting review	modular designs

If you recognize and identify with these issues, then we can help

Process

- Difficulties achieving intended transfer pricing results and history of year-end transfer pricing adjustments
- Delays and difficulties in the accounting close process due to transfer pricing entries and other intercompany accounting requirements
- Difficult financial statement, tax return, and regulatory audits due to transfer pricing issues
- Overly burdensome requirements placed on finance and accounting resources to gather necessary transfer pricing data
- No single point of accountability for the transfer pricing process
- Lack of formal documentation concerning transfer pricing processes, controls, and accountabilities

Information

- Inability to efficiently and effectively monitor transfer pricing results throughout the year
- Inconsistent or unpredictable transfer pricing results from period to period
- Difficulties forecasting effective tax rates due to unpredictable transfer pricing results
- Difficulties producing reliable segmented financial information for purposes of year-end transfer pricing compliance reporting

Systems and technology

- Fragmented ERP environment and patchwork of financial systems
- Manual procedures and Excel spreadsheets for calculating transfer pricing
- Implementing a new ERP system

Contact us



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