



Meijburg & Co  
Tax & Legal

# Trends impacting TP models

**Current business trends  
and their potential  
impact on transfer  
pricing models**

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# What?

A number of trends currently affect the business landscape. These could also affect transfer pricing in your company. These trends include i.a.:

- Businesses look to hire staff to work from any location, due to the war for talent and improved technical possibilities.
- The broad spectrum of Environmental, Social, and Governance (ESG) initiatives impacts the way businesses are operated.
- Disruption of global supply chains due to developments such as COVID19, the energy crisis, resource scarcity, and security of supply.
- Continuing M&A activities lead to reorganizations of companies.

# Impact?

These trends may have the following impact:



## Work from anywhere

- Dispersed teams leading to permanent establishment and transfer pricing challenges
- Causing DEMPE- and/or 'control over risk' substance issues



## ESG initiatives

- Direct impact: e.g. environmental taxes (E), plastics taxes (E), 'paying your fair share' (S) public CBCR (G)
- Indirect impact: changes to supply chains, operational models, and brand value



## Supply chain disruptions

- Changes of value drivers caused by changes to supply chain



## M&A

- Any reorganizations following M&A activity may lead to changes of value drivers in the post reorganisation stage.

# Transfer Pricing approach



Transfer Pricing is about aligning profit allocation with value creation.



Each of the trends mentioned might have impact on your value creation, which could require changes to your transfer pricing.



A possible approach for addressing these changes is to perform a Value Chain Analysis (VCA) – which will help you understand what creates value in your organization.



A VCA is a systematic analysis of the value chain of a multinational group, by assessing its processes, determining where value is created, outlining processes, the value, and how, and by whom, these are managed and controlled. The VCA leads the way in designing and substantiating a robust TP system and determining arm's length remunerations for the respective group entities.



# Contact us

Would you like to receive more information about this topic? Or do you need advice to assess the current trends and manage their impact on your transfer pricing model? Meijburg & Co would be happy to discuss with you. Feel free to contact one of our transfer pricing specialists.



## **Jaap Reyneveld**

Partner  
KPMG Meijburg & Co  
+31 6 212 01 015  
reyneveld.jaap@kpmg.com



## **Jeroen Kuppens**

Director  
KPMG Meijburg & Co  
+31 6 462 61 538  
kuppens.jeroen@kpmg.com



## **Eefje Lemmens**

Director  
KPMG Meijburg & Co  
+31 6 216 43 510  
lemmens.eefje@kpmg.com

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