



**Quanteria
Global**

Transfer pricing



Financial transactions

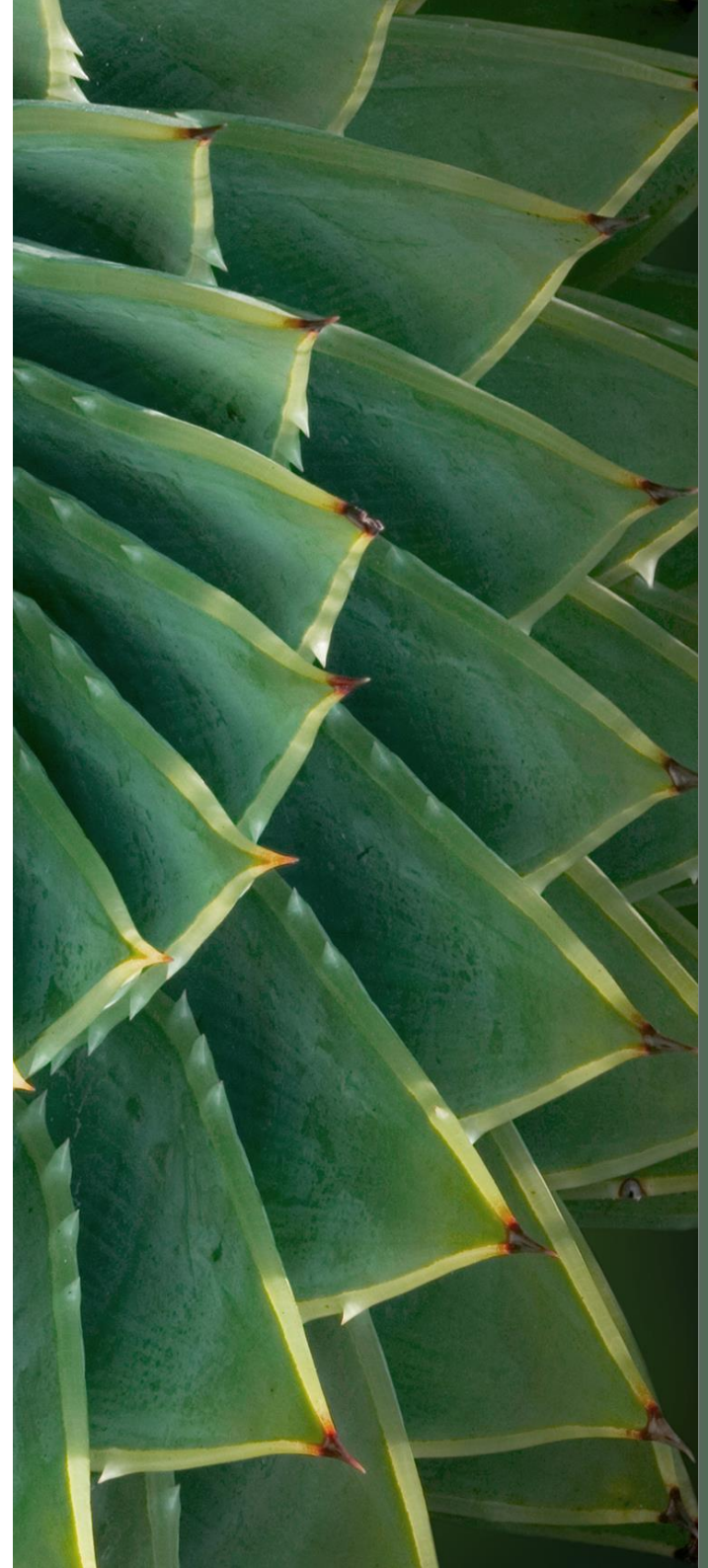
Introduction to Transfer Pricing support on
financial transactions



Introduction

Transfer Pricing attention towards financial transactions has taken a flight in recent years and has become a topic of increasing interest for tax authorities and MNEs.

Our core business is providing Transfer Pricing solutions that meet your requirements and needs. Quanteria Global has a team that is specialized in dealing with all transfer pricing aspects of financial transactions and does so daily.





Developments

OECD, EU and local countries battling on intercompany financing



BEPS Action 4 – Limiting base erosion involving interest deductions and other financial payments

BEPS Action 8 -10 – Aligning Transfer Pricing outcomes with value creation

Country-by-country reporting – exchange of information between tax authorities

Final OECD guidance on financial transactions published on February 11, 2020 - provides a framework for MNEs and tax authorities to adhere to for assessing the arm's length nature of financial transactions

Increased scrutiny – due to the BEPS project and increased public interest in an MNEs tax position

State Aid - more attention by the European Union on APAs and rulings, which may actively be challenged

Anti Tax Avoidance Directive – European Union introduced ATAD 1 and ATAD 2, including limitations on interest deduction and anti-abuse measures

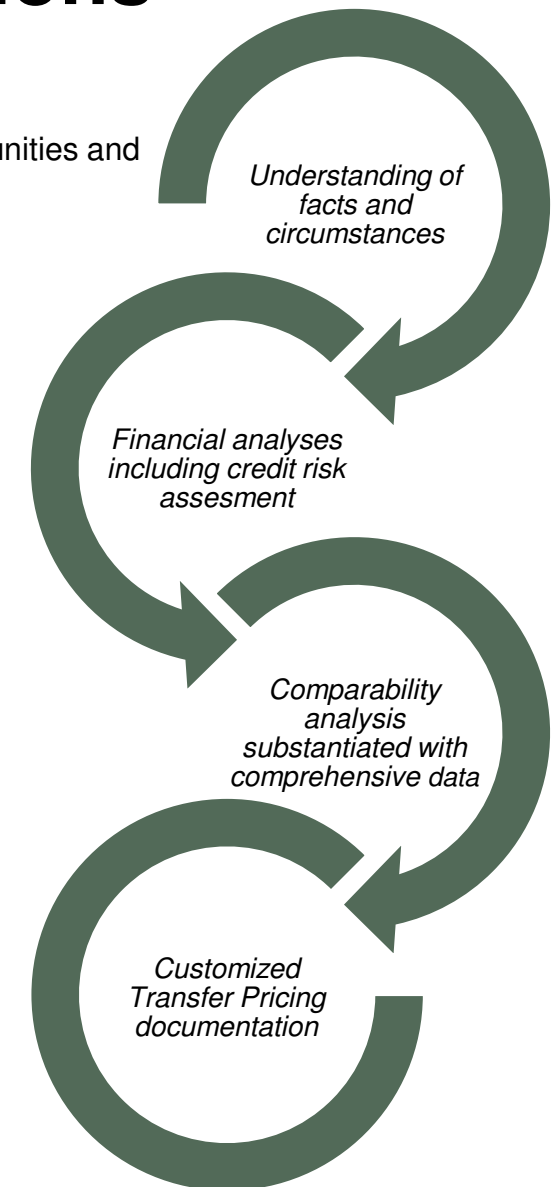
- *ATAD 1: Implemented in local legislation on 1 January 2019*
- *ATAD 2: Implemented in local legislation on 1 January 2020*

Local presence and financial capacity – substance and economic reality are becoming more important than the legal framework of a transaction



Our approach and value propositions

- Baseline measurement on the former/current design in order to assess potential opportunities and risks:
 - Aligning former finance structures (e.g. safe harbors) with the new economic reality.
- In-depth analysis
- Experienced finance experts
- Teaming up with clients and other professional services firms
- Commerciality and understanding the deal process
- Linking activities with the use of a global alliance network





Our offerings: Design, Implementation & Documentation



- Analysis of intercompany financial transactions (e.g. qualification of financial instrument, debt capacity, two-sides approach, ORA).
- Transfer pricing analysis and benchmarking for intermediary financing structures
- In-house bank / treasury policies / cash pools / guarantees
- Thin Capitalisation analysis, including advice on the interest deductibility rules
- Investment management, real estate and funds transfer pricing advice
- M&A transfer pricing support: due diligence, structuring and acquisition financing
- Captive insurance policies, documentation and benchmarking



- Determining credit ratings
- Determining equity at risk for flow-through companies
- Benchmarking and documentation
- Performing WACC analyses
- Support during exit preparations including value chain feasibility analysis and transfer pricing risk mitigation
- Holding structure substance reviews
- General negotiations with tax authorities and assistance during an audit, including APAs/MAPs
- Implementation of in-house banks



Recent projects

In recent years, Quantera Global has been successfully involved in numerous intercompany financing projects, including the following:

- Design and implementation of financing policies for SMEs and stock quoted companies.
- Design and implementation of a full inhouse bank at a stock quoted company, including obtaining an APA at the Dutch Tax Authorities.
- Setting up pragmatic financing policies and pricing grids.
- Documentation and benchmarking of intermediary financing companies located in Luxembourg / the Netherlands.
 - Including calculation of equity at risk and equity at risk premium.
- Determining credit ratings and performing loan/bond searches and Yield Curve analyses in order to determine at arm's length interest rates.
- Performing guarantee fee analyses using different methods
- Design, document and benchmark of cash pool transactions

"Quantera Global was able to help us last minute by suggesting a very pragmatic approach for a very complicated matter thus enabling our client to meet all their filing deadlines."

Joost van den Berg
HVK Stevens





Want to know more about our financial transfer pricing services?

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