

# The Digital Transfer Pricing Life Cycle

The WTS transfer pricing team and the WTS transfer pricing solutions enable you to digitize your transfer pricing life cycle

# Digitalization is revolutionizing daily business



## Situation

Digitalization is revolutionizing daily business and tax departments need to take a proactive role in a company's digitalization strategy. It is necessary to start the conversion of existing transfer pricing policies and compliance strategies into the digital age.

The business world is facing powerful disruptive forces that are already changing our working environment drastically. Tax departments will not be able to avoid that disruption and have to work hand-in-hand with other departments such as accounting, controlling, HR and IT to provide plausible, consistent data and accelerate processes.

In the area of transfer pricing, matters were always complex as a minimum of two countries are affected by each single case. Furthermore, operational and compliance processes are mostly handled by different departments resulting in the risk of inconsistent results. On top, the OECD BEPS project led to an additional focus of financial authorities on the topic, creating huge risks of double taxation.

These challenges have to be managed under permanent cost pressure and considering high productivity targets.

→ **WTS – as a pioneer in the digitalization of transfer pricing processes and the development of transfer pricing solutions – enables multinational companies to digitalize their transfer pricing life cycle one step at the time.**

- The advantages of such a development are:
- › Reduction of tax risks in relation to transfer pricing topics;
  - › Increase in efficiency and consistency through automated calculation and adjustments for operational transfer pricing as well as automated transfer pricing documentation;
  - › Consistent monitoring and analysis creates transparency, e.g. regarding transaction data both for day-to-day risk assessment as well as for transfer pricing documentation.



## Our solution

### Completely integrated E2E-TP process:

In general, a fully integrated digital end-to-end process (E2E) (from the initial price setting, involving individual transaction data, to the final transfer pricing documentation report) consists of the following parts:

1	Determine price mechanisms, assessment of individual facts	Price Setting
2	Define attributable KPIs (e.g. profit margins) per transaction type	
3	Extract separate financial numbers from differently adapted ERP and non-ERP systems	Operational TP
4	Correction of out-of-range prices or dynamic adjustments in an automated IT environment	
5	Identify and extract intercompany transactions after the end of the financial year	TP Documentation
6	Query of master data and qualitative information via tool-supported standardized forms	
7	Automated creation of TP documentation reports	

# A fully comprehensive tool solution from one source



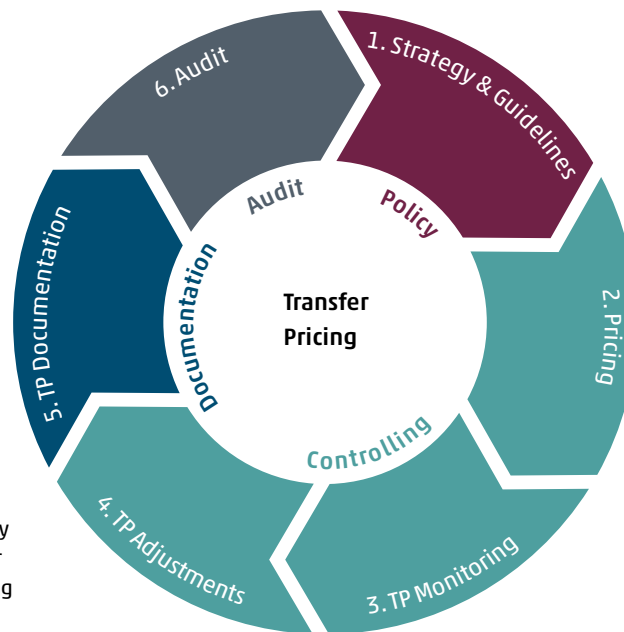
## Our approach

WTS covers the complete TP life cycle with a TP tool solution as a platform for:

- › Centralised storage and document management in order to create a central repository for the entire TP function.

- › Creation of documentation modules by means of text blocks, thereby creating standardised documentation throughout the group as well as automated generation of reports.

- › The Operational Transfer Pricing (OTP) function enables to extract key financial data from different ERP- or Non-ERP-systems and transfer pricing systems from the cost allocation system. An automatic margin checker analyses the arm's length ranges and provides price suggestions, if there are any variances.



- › Needs-based reporting and management functions for workflow monitoring and control.

- › Defining methods for transfer pricing and profit margins are determined by transaction type.

- › Overview of all relevant intra-group transactions including the corresponding volumes and breakdown into the relevant transaction categories. This creates transparency and offers integrated risk management for unspecified transactions.

## We are pioneers in TP – We think digital



**Interdisciplinary Team:** WTS follows a practice-oriented approach and is strongly committed to provide pragmatic and efficient TP advice via one integrated team that covers both the core TP aspects as well as the steering of the implementation of any TP technology solution.



**Unique:** Our Transfer Pricing services are unique as we put our TP technology team at the heart of our TP team. From the foundation of a technically sound TP analysis and with the help of our own digital solutions, WTS can support to improve the TP function.



**We think digital:** We address our clients' needs in a dynamic IT environment from a TP perspective, i.e. process advisory on automation, design of automatic interfaces and business support as software as a service. In addition, WTS delivers intelligent TP solutions and advises on integrated as well as automated TP processes.



**Experts:** The provision of tax compliance, tax consulting and especially transfer pricing services to multinational clients is one of our main areas of expertise. WTS – which has been awarded by the International Tax Review as Transfer Pricing Firm Germany of the years 2018 and 2019 – is the market leader in complementing and supporting in-house tax functions either in form of co-sourcing or the management and coordination of global tax consultancy services. Our service concept and commitment is designed to safeguard worldwide reliable TP compliance and provide added value by proactive tax planning.



**Pioneers in tax:** WTS is a first-mover in the area of Artificial Intelligence (AI) in TP. Together with the DFKI (Deutsches Forschungszentrum für Künstliche Intelligenz), WTS is further developing innovative AI solutions for tax departments.

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