



Transfer Pricing

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Is Transfer Pricing on your agenda?



Transfer Pricing is in focus

- OECD Transfer Pricing Guidelines published in 2017 now the common reference guidelines in practice for Tax Authorities
- Key objective is to align profits with where value is created
- More emphasis on where risk is controlled to determine risk allocation and associated profits or losses
- Tax Authorities now require a deeper understanding of the business and how value is created
- OECD released a non-consensus public discussion draft in July 2018 on transfer pricing of financial transactions
- EU CFC rules to be introduced in Ireland with effect from 1 January 2019 set to have a significant focus on transfer pricing principles
- Possible extension of Ireland's domestic transfer pricing rules to non-trading



Increased transparency and scrutiny from Tax Authorities

- Increased transparency through Country by Country ("CbyC") Reporting, Master File and Local File – taxpayers need a clear, consistent and coherent universal statement of functions, assets and risks aligned with transfer pricing policy
- Increased resources in Tax Authorities focusing on Transfer Pricing
- More international cooperation and joint efforts across Tax Administrations e.g. automatic exchange of binding tax rulings, APAs and CbyC Reports amongst tax authorities
- Unilateral actions leading to a focus on Transfer Pricing, e.g. Diverted Profits Tax legislation (Australia, UK)
- Tax Authorities starting to employ transfer pricing principles contained in the new 2017 Transfer Pricing Guidelines during tax audits to challenge transfer pricing methodologies used



Higher bar for Transfer Pricing documentation requirements

- OECD Master File – details to be disclosed now include: capabilities of principal location service providers, financing arrangements and related transfer pricing policies for the group, description of key contributions to value creation, etc.
- OECD Local File – details to be disclosed now include (amongst others): all material intra group transactions involving the local entity, local management structure and their reporting lines into group management
- Master File and Local File affords the opportunity to put CbyC Report in global and local context. These three elements provide Tax Authorities with relevant and reliable information to perform a Transfer Pricing risk assessment
- Robust Transfer Pricing documentation is an effective way for taxpayers to manage tax and transfer pricing risk



We advise many of the leading global aviation finance and leasing groups. Our transfer pricing experience includes:

- Debt capacity analysis
- Structuring of debt arrangements and pricing
- Indicative credit rating analyses
- Guarantee fee pricing
- Cash pooling arrangements
- Lease in-lease out structures
- Value chain review
- Intra-group service arrangements
- Profit attribution to permanent establishments
- Documentation of global transfer pricing policies and supporting economic analyses – OECD Master Files, Local Files and CbyC Reporting
- Review of legal agreements from a transfer pricing perspective
- Dispute resolution with Tax Administrations
- Advance pricing agreements (APAs) and mutual agreement procedures (MAPs)

Contact Us



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