

TP-FC.3 Intangibles and Cost Contribution Arrangements

13 April – 1 May 2020 3 weeks

19 05 23 0930

1. Course Description

This course deals with the transfer pricing aspects of intangibles and cost contribution arrangements (CCAs). This core subject of transfer pricing is extensively analyzed on the basis of Chapters VI and VIII of the OECD TP Guidelines. The standard practices applied by practitioners and the tax authorities will be examined through an analysis of the theoretical framework and through workshops in which case law on intangibles, the use of databases and the determination of buy-in and buy-out payments will be analyzed.

2. Course schedule

Week 1

Section 1

Definition and identification of intangibles

- OECD approach (TPG and commentary on Article 12 OECD M.C.)
- IASB/accounting approach
- IP law approach
- Case study

Section 2

Determination of the remuneration for the exploitation of intangibles (legal vs. economic ownership)

- Ownership of intangibles
- DEMPE analysis
- Transactions involving the use or transfer of intangibles
- Comparability analysis involving intangibles

Workshop A

Case study on marketing intangibles

Week 2

Section 3

Determination of the remuneration for the exploitation of intangibles (transfer pricing methods)

- Application of CUP method to intangibles
- Application of TNMM to intangibles
- Application of profit split to intangibles
- Other methods

Section 4

Pricing intangibles in the absence of comparables: application of evaluation techniques to intangibles

- Rule of thumb
- Valuation techniques
- Purchase price allocation
- Case study: hard to value intangibles

Workshop B

Use of database for IP remunerations

Section 5

Cost contribution arrangements

- Concept of CCA
- Types of CCA
- Application of arm's length principle to CCA (participant contributions)
- Balancing payments

Week 3

Workshop C

Determination of buy-in and buy-out payments

Section 6

Exploitation of intangibles: cost contribution arrangements vs. licence agreements

- Main features and differences
- Choosing between these two exploitation models
- Case study

Workshop D

Case study on the arm's length aspect of intangibles

Exam