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Geneva, 20th of September 2013

To the attention of Mr. Joseph Andrus, Head of the transfer pricing unit of the OECD

Subject: Comments on the White Paper on transfer pricing documentation.

Dear Sir

I am submitting my comments and suggestions on the white paper on transfer pricing documentation, in my personal capacity. My view and opinions shared in this letter do not represent in any way the view of my group or any other company.

Over the last decades, the world has become more open and interrelated. Today, more than 50% of the worldwide transactions are between related parties. A huge increase in the volume of international transactions and their complexity drove multinational groups to adopt worldwide trade and global operation strategies. At the same time, various, diverse and exponential transfer pricing documentation requirements from multiple tax authorities have increased tremendously around the globe. As a consequence, transfer pricing documentation becomes one of the top tax compliance priorities on the agendas of both tax authorities and businesses.

In my opinion, tax authorities could be more collaborative in their approach e.g. to install a yearly short, concise and precise discussion with the tax payer in order to share, assess and review their TP risk, based on a common approach to the TP documentation submitted. Building a "lean" dialogue as it is practiced in certain countries would definitely facilitate and reduce resources requirements on both side; avoid loss of time and resources for the tax authorities and the taxpayer.

Certain tax structures are being criticized as 'aggressive'. These 'aggressive' tax structures are partly the consequence of certain country's own tax policies, core of their own sovereignty. MNE's tax planning strategies have been sometimes created according to local low tax rate legislations, which had been voted, to attract international businesses into these countries. Taxation remains a countries' sovereignty question, the interaction of various domestic tax laws drives frictions between countries and MNEs. As stated in the BEPS report "When designing their domestic tax rules, sovereign states may not sufficiently take into account the effect of other countries' rules." Therefore the tax rules should be first standardized between the countries and the MNE would then apply and comply with them with certainty. Transparency of MNE structure and functions as much as transparency of local tax regulation between countries should be a must.

Global allocation of profit by MNE follows strict rule, which are based on the OECD basic principles of risk, functions and profit allocations. These profit allocations are, in turn, based on the MNE's business activities and their freedom of establishment and trade around the globe. "Substance over form" principle is nowadays largely adopted by tax authorities when reviewing a business during a tax audit. Rightly so, businesses align their tax structure to their operations and, they are also trying to streamline their documentation processes internally and for external reporting purpose.

My recommendation to the OECD is to incorporate transfer pricing documentation into standard processes and systems in a unique global multilingual database. This would greatly facilitate the work of both the tax authorities and businesses. It would also increase efficiencies, effectiveness, accuracy and completeness of data, prepared by the business to explain their operations. This can then be reported to tax authority in a systematic way for further processing by the local tax civil servants assessing risk and opportunities.

From the tax administration side, over the past two decades, a certain kind of standardization did partially occur in some countries. Nevertheless, It is difficult for us MNEs to consolidate and streamline our compliance practices due to variety and diversity of local tax requirements. We have already provided local tax authorities, in our TP documentation, a kind of "big picture" of our groups: in the form of a standardized summary that includes our structures, functions and risk analysis. We also review regularly our compliance to the arm-length standard with our comparable studies, but would be pleased to agree with the OECD and local tax authorities not to do it yearly due to cost/effort reasons and rather to set reviews on a 2 to 3 years frequency basis.

I agree to the need of a preliminary high-level information basis to assist governments in undertaking transfer pricing risk analysis, that would include material cross-border transactions; business restructuring, information regarding the levels of intercompany financing and related interest expenses; information on MNE's global transfer pricing policies, compliance with the arm's length principle and local transfer pricing rules.

It is worth noting that the two-tier reporting structure proposed in the TP EU documentation guidance, consisting of a master file and a local file, could ease both the work of the business and the work of the local tax authority. Nevertheless the master file summarizing the business globally should not be used as an excuse for a local tax administration to trigger an extra-territorial review tentative, where a local tax authority will not have competency of authority to appreciate and re-assess the associated foreign

entities tax base or profit taxability. The local file should meet the local filing mandatory requirement but should also follow the OECD standards that are already used by most software available today. The local file would include the relevant financial information regarding those specific transactions, a comparability analysis and the choice of the most appropriate transfer pricing method.

Questions related to tax risk assessment are necessary for both administrations and MNEs. These questions should greatly benefit from a certain order of "magnitude/materiality" criteria that the OECD may suggest, such as, but not limited to, a kind of a 20%/80% or ABC rule of thumb on the most important transactions making 80% of the value of a given business (in order to simplify the reporting burden of the companies).

Minimum threshold should be systematically proposed for business TP documentation mandatory reporting above 100 or 200 Million USD Sales. Below that amount, transfer pricing documentation should be restricted to a strict minimum and not even made for mandatory reporting.

As a conclusion, I would like to reiterate my recommendation made 10 years ago at the OECD in order to support the actual BEPS initiative for creating "New international standards" designed to ensure the coherence of taxation at a global level: "One set of tax rules, One corporate Income rate, One tax base and the same for all". This would simplify a lot of dealings and handlings and reduce many tax related problems and controversies in an increasingly global and interconnected world. This would create the basis for a level playing field and an equal environment for free trade between the countries.

Yours sincerely,

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Group Finance Director