

Educational Institution  
"Belarus State Economic University"

APPROVED

Rector of the Educational Institution

"Belarus State Economic University"

 V. Shutsilin

" 4 " May 2021 г.

Registration No. 4750-21.

## Transfer pricing

The curriculum of the Higher Educational Institution  
in the academic discipline for the speciality  
1-25 80 02 "World Economy"

**COMPILERS:**

Loukianova I.A., associate professor of the department of taxes and taxation of the Educational Institution "Belarusian State Economic University", candidate of economic sciences, associate professor.

**RECENTS:**

Melnikova N.A., Deputy Head of the Department of Financial and Banking Economics of Belarusian State University, Candidate of Economic Sciences, Associate Professor;

Verezubova T.A., Professor of the Department of Finance and Financial Management of the Educational Institution "Belarusian State Economic University", Doctor of Economic Sciences.

**RECOMMENDED FOR APPROVAL:**

Department of Taxes and Taxation of the Educational Institution "Belarusian State Economic University"  
(Minutes No. 9 of 25.03.2021);

Scientific-Methodical Council of the institution of education "Belarusian State Economic University

(Minutes № \_\_\_\_ of \_\_\_\_\_ 2021).

### **Explanatory note**

The syllabus of the training discipline "*Transfer pricing*" on specialty 1-25 80 02 «World Economy», profile «Financial Support of Business in the International Economics», developed in accordance with the educational standard of the specialty.

*The subject matter of the discipline "Transfer pricing"* is the study of the basics principles of transfer pricing' regulation and tendencies in current time.

*The aim of the discipline* is to form a conceptual apparatus in the field of Transfer pricing, a set of knowledge on tax planning, tax calculation and managerial decision-making in the field of taxation, international tax planning and transfer pricing skills of undergraduates.

*The objectives of the academic discipline «Transfer Pricing» are:*

- Practical skills in assessing the quality of transfer pricing;
- working out ways to assess the risks associated with the taxation of international business;
- to analyze, evaluate, and understand divisional structures (vertical, horizontal, and conglomerate) of business enterprises developed through expansion or merger in relation to legal entity structures;
- to analyze, evaluate, and understand how transfer pricing of goods and services exchanged among divisional structures of business enterprises can assist the business enterprise in internal resource planning, coordination for profit maximization, tax avoidance, exchange risk reduction in multinational corporations, and other goals of the firm;
- to understand the various methods of determining transfer prices and the circumstances under which the various methods are optimal from a tax perspective;
- to understand the effect of transfer pricing when enterprises are subject to different tax jurisdictions;
- understand differences between OECD and IRS Rules regarding transfer pricing;
- understand separate transfer pricing of services, loans, leases, tangible and intangible property;
- to understand Dispute Resolution procedures in international transfer pricing;
- to understand the concept of comparability;
- to understand the Arm's Length Principle as a guide to market based outcomes;
- to understand the concepts of Safe Harbor, Permanent Establishment, and Formulary Apportionment in relation to the Arm's Length Principle.

*As a result of the study of this discipline students should:*

*Know:*

- The international and local transfer pricing regulation.

*To be able to:*

- To orient in the main approaches and concepts, as well as directions of transfer pricing control development, analyze the tools and methods of market priceformation for the purpose of assessing the impact of transfer pricing, determine the financial risks of applying different pricing models.
- Advise subjects on international tax planning and transfer pricing;

- Analyze the tax situation of the international holding company, the level of tax burden and the effectiveness of the tax and accounting policies applied;
- Evaluate tax bases in transfer pricing;

*Be familiar with:*

- Identify the financial risks of applying different models transfer pricing control;

*To have:*

- skills in international tax planning and transfer pricing,
- Analyze the tax situation,
- determine the financial risks of applying different models of Transfer pricing.

In accordance with the syllabus for the specialty 1-25 80 02 «World Economy» provides: total hours for academic discipline -108, of which the total academic hours - 48, including 24 hours - lectures, 24 hours - workshops. The form of current assessment – 3 credit. Form of control - exam.

## **Course Description**

This course considers transfer pricing and focuses on the economics, legal institutions, and practice of transfer pricing. Transfer prices are prices established within a business enterprise for goods, services, intellectual property, and/or credit traded between or among units within an enterprise. Goods transferred among units may be natural resources, raw materials, intermediate goods, or finished products. For instance, one unit may transfer intermediate goods to another unit for final processing or finished products to distribution outlets or to other divisions that produce the same type of product, in order to supplement the inventories of the recipient unit. The units may be divisions of the same firm or affiliated firms owned by a common parent company. A typical scenario involves the sale or transfer of property between divisions of a large corporation. Goods and services within the business enterprise could be provided upon demand without any recorded prices associated with their transfer, such as services provided by a data processing division for a marketing division. Most enterprises, however, employ transfer prices for various purposes. And, in fact, if transfer prices are established for goods and services transferred within the enterprise, payment may not actually be required; but the payment may be recorded for use by the enterprise in tracking the profitability of the unit for tax or for future resource allocation purposes. Multinational enterprises (MNEs) often use transfer pricing, although an enterprise that uses transfer pricing need not be an MNE. Enterprises find transfer pricing to be useful for internal resource allocation, planning, and profit maximization, among other goals. On the other hand, governments use transfer prices to determine the appropriate tax liability of the enterprise's division(s) located within its jurisdiction. Governments are interested in ensuring that transfer prices adequately reflect the value of goods and services in order that they may receive the tax revenue associated with the goods and services under the existing tax code. Governments may challenge transfer prices set in particular cases where they believe transfer prices do not reflect a reasonable market price that would exist in the case of two independent firms acting at arm's length. From the above, it should be evident that transfer pricing involves economics, accounting, and the law. In addition, it should be evident that both private enterprise and government employ individuals to assist in the analysis of transfer prices.

Focusing on the OECD Transfer Pricing Guidelines, the course addresses the importance of transfer pricing, the legal framework (in particular the role of tax treaties) and the practical application of the arm's length principle by way of comparability analysis and use the OECD Transfer Pricing Methodologies. In addition, transfer pricing adjustments are considered, along with transfer pricing documentation and dispute resolution and avoidance mechanisms.

- Appreciate the importance of international transfer pricing to multinational enterprise groups and tax administrations
- Analyse a country's legal framework for transfer pricing, taking into account

international practice and guidance (including the OECD Transfer Pricing Guidelines) and the role of tax treaties

- Understand the arm's length principle, the concept of comparability and the transfer pricing methods in the OECD transfer Pricing Guidelines
- Apply the arm's length principle in practice, based on the guidance provided in the OECD Transfer Pricing Guidelines
- Understand the purpose and content of Transfer Pricing documentation, including having an understanding of international guidance on this subject
- Appreciate mechanisms for avoidance and resolution of transfer pricing disputes, including advance pricing agreements, the mutual agreement procedure and arbitration (under the European Arbitration Convention and under Tax Treaties).

*Course syllabus Lessons Topics*

Lesson 1: Introduction to transfer pricing • What is transfer pricing? • Why is it important?

Lesson 2: The Legal Framework, Transfer pricing in BEPS • The international tax environment • The arm's length principle • Domestic transfer pricing rules • The role of tax treaties • The OECD Transfer Pricing Guidelines

Lesson 3: Comparability • The Arm's Length Principle and Comparability • Comparability Factors • Comparability Adjustments

Lesson 4: Transfer pricing methods: Comparable uncontrolled price method • CUP method • Resale price method • Cost plus method • Transaction net margin method • Profit split method Other methods

Lesson 5: Transactional net margin method. Applying the arm's length principle • The 9-step typical process for undertaking a comparability analysis in the OECD Transfer Pricing Guidelines (2010 ) • Selection of the most appropriate transfer pricing method • Selection of the tested party • Use of multiple year data • Arm's length range

Lesson 6: Resale Price Method Transfer pricing adjustments • Compensating adjustments • Primary adjustments • Corresponding adjustments • Secondary adjustments • Repatriation

Lesson 7: Cost plus profit Method Transfer Pricing dispute avoidance and resolution • Advance Pricing Agreement s • Domestic mechanisms • Mutual Agreement Procedure • Arbitration (Art. 25(5) OECD MTC) • European Arbitration Convention

Lesson 8: Profit Split Method

Lesson 9: Administrative Aspects of Transfer Pricing Control Transfer Pricing Documentation • Importance, purpose and content • PATA, EU and OECD documentation guidelines • Link to penalties

Lesson 10: Transfer pricing from Belarus legislation

**STUDY AND METHODOLOGICAL MAP OF THE TRAINING DISCIPLINE " Transfer pricing"**  
**1-25 80 02 «World Economy», profile «Financial Support of Business in the International Economics»**

| №  | Section, topic                                     | Number of class hours |          |                           |           | Other   | Control                 |
|----|--|-----------------------|----------|---------------------------|-----------|---------|-------------------------|
|    |  | Lectures              | Workshop | Guided student self-study |           |         |                         |
|    |  |                       |          | Lectures                  | Workshops |         |                         |
| 1  | 2  | 3                     | 4        | 5                         | 6         | 7       | 8                       |
| 1  | Introduction to transfer pricing.                  | -                     | 2        | 2                         |           | [2 - 5] | Discussion, test        |
| 2  | The Legal Framework, Transfer pricing in BEPS      | 2                     | 2        | 2                         | 2         | [2 - 5] | Discussion, essay, test |
| 3  | Comparability                                      | -                     | -        | 2                         | 2         | [2 - 5] | Discussion, essay, test |
| 4  | Comparable uncontrolled price method               | 2                     | 2        | 2                         | 2         | [2-9]   | Discussion, essay, test |
| 5  | Transactional net margin method                    | -                     | -        | 2                         | 2         | [2-9]   | Discussion, essay, test |
| 6  | Resale Price Method                                | -                     | -        | 2                         | 2         | [2-9]   | Discussion, essay, test |
| 7  | Cost plus profit Method.                           | -                     | -        | 2                         | 2         | [1-9]   | Discussion, essay, test |
| 8  | Profit Split Method                                | -                     | -        | 2                         | 2         | [2 - 9] | Discussion, essay, test |
| 9  | Administrative Aspects of Transfer Pricing Control | -                     | -        | 2                         | 2         | [2 - 9] | Discussion, essay, test |
| 10 | Transfer pricing from Belarus legislation          | 2                     | -        |                           | 2         | [1]     | Discussion, essay, test |
|    | <b>Total</b>                                       | <b>6</b>              | <b>6</b> | <b>18</b>                 | <b>18</b> |         | <b>Exam</b>             |
|    |  |                       |          | <b>48</b>                 |           |         |                         |

## INFORMATION AND METHODOLOGICAL PART

### *Methodological recommendations for the organization of independent work of undergraduates in the discipline*

#### *"Transfer Pricing"*

In mastering the knowledge of an academic discipline, an important stage is the independent work of undergraduates. Independent work of undergraduates is a type of learning activities of students in the process of mastering educational programs of higher education, carried out independently outside the classroom (in the library, research laboratory, at home, etc.) with the use of various teaching tools and information sources.

The main directions of the graduate student's independent work are:

- Initial detailed acquaintance with the program of academic discipline;
- familiarization with the list of recommended literature on the discipline as a whole and its sections, its availability in the library and other available sources, the study of the necessary literature on the topic, the selection of additional literature;
- studying and expanding the lecture material of the teacher at the expense of special literature, consultations;
- preparation for practical (seminar) classes according to specially designed plans with the study of basic and additional literature;
- preparation for diagnostic forms of control (tests, problem solving, control works, etc.);
- preparation for credit.



## ЛИТЕРАТУРА

### Основная:

1. Мешкова, Е. И. Процентная политика в риск-менеджменте коммерческого банка : монография / Е. И. Мешкова ; Финансовый ун-т при Правительстве Рос. Федерации. – М. : КНОРУС, 2020. - 202, [1] с. : ил.
2. Налоги и налогообложение : учебник для студентов учреждений высшего образования по группе специальностей "Экономика и управление" / [Е. Ф. Киреева и др.] ; под ред. Е. Ф. Киреевой. - Минск : БГЭУ, 2019. - 438, [1] с. : ил. - (Учебник БГЭУ).
3. Цена и ценовая политика компании : учебник для студентов бакалавриата и магистратуры, обучающихся по направлению подготовки "Финансы" / [Н. В. Грызунова и др.] ; под ред. Н. В. Грызуновой ; Российский экон. ун-т им. Г.В. Плеханова. – М. : КНОРУС, 2020. - 212, [1] с. : ил. - (Бакалавриат и магистратура).

### Дополнительная:

4. Грундел, Л. П. Налоговое регулирование трансфертного ценообразования в России : учебник / Л. П. Грундел, Н. И. Малис. – М. : Магистр : ИНФРА-М, 2015. - 253 с. : ил. - (Магистратура).
5. Международное налогообложение: размывание налоговой базы с использованием офшоров : монография / [М. Р. Пинская и др.] ; под ред. М. Р. Пинской. – М. : ИНФРА-М, 2015. - 191 с. : ил.
6. Трансфертное ценообразование в Республике Беларусь / [под общ. ред. А. Ю. Карпунина]. - Минск : Регистр, 2016. - 119 с.
7. Финансовая диета: реформы государственных финансов Беларуси : [монография / К. В. Рудый и др. ; сост., соавт., науч. ред. К. В. Рудый]. - Минск : Звезда, 2016. - 461, [1] с. : ил.
8. Фискальный федерализм. Проблемы и перспективы развития : монография для магистрантов, обучающихся по программам направления "Финансы и кредит" и аспирантов, обучающихся по научной специальности 08.00.10 "Финансы, денежное обращение и кредит" / [И. А. Майбуров и др.] ; под ред. И. А. Майбурова, Ю. Б. Иванова. – М. : ЮНИТИ-ДАНА, 2015. - 414 с. - (Magister).

## PROTOCOL OF THE COORDINATION

| Name of the training discipline, with which approval required | Chair | Suggestions about changes in the content of the curriculum institutions of higher discipline education | The decision taken by the department that developed the curriculum (indicating the date and protocol numbers) |
|---|-------|--|---|
| <i>International Competition</i>                              |       | <i>Turbo</i> TURBOGY   | <i>19 25.03 21</i>  |
|   |       |  |   |
|   |       |  |   |

## ADDITIONS AND AMENDMENTS TO THE SYLLABUS

for \_\_\_\_ / \_\_\_\_ academic year

| №<br>n/a | Additions and amendments | The foundation |
|----------|--------------------------|----------------|
|          |                          |                |

The syllabus was revised and approved at the meeting of the department

\_\_\_\_\_ (Minutes No. \_\_\_\_ of \_\_\_\_ 2021)  
(name of department)

Head of Department

\_\_\_\_\_  
(academic degree, academic title) (signature) (Full name)

APPROVED

Dean of Faculty

\_\_\_\_\_  
(academic degree, academic title) (signature) (Full name)