Applying the Arm’s Length Principle to Intra Group Financial Transactions

A Reference Guide

Overview

It is well known that intercompany financing arrangements have more and more become subject to scrutiny in contexts of applying transfer pricing and anti-tax avoidance-related rules. With contributions by more than 50 leading global transfer pricing and international tax experts from law firms, multinational enterprises, academia, and tax administrations, it provides unparalleled insights into the application of the Arm’s Length Principle to different types of financial transactions, application of anti-avoidance rules to various intra-group financial arrangements as well as the business value creation process and the dispute management landscape that underlie intra-group financial transactions.

What’s in this book:

With in-depth analysis of the legislation and market developments that fuel the diverse range of financing options available to market participants – and loaded with practical examples and case studies that cover the legal and economic considerations that arise when analysing intra-group finance – the contributors examine such topics and issues as the following:

- national anti-abuse rules applicable to financial transactions;
- tax treaty issues;
- role of credit ratings and impact of implicit support;
- loans, cash pooling, financial guarantees;
- transfer pricing aspects of performance guarantees;
- ‘mezzanine’ financing;
- considerations for crypto financing;
- impact of crises situations such as COVID-19;
- how treasury operations can be structured in a group and the decision-making process involved;
- how hedges offset or mitigate risks;
- how to apply the arm’s length principle to factoring and captive insurance transactions;
- comparability analysis for various transactions;
- special considerations for transactions carried out by a permanent establishment;
- EU state aid and its interaction with transfer pricing rules;
- dispute prevention and resolution tools under the OECD, UN, and EU frameworks; and
- developing countries’ perspectives, focusing on Brazil, India, and South Africa.

How this will help you:

Given the challenges facing taxpayers and tax authorities alike, this book will prove an immeasurably valuable reference guide to support tax practitioners, tax administrations, and tax scholars in developing standards and policies in dealing with intra-group financing issues.
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Contributors
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Applying the Arm’s Length Principle to Intra Group Financial Transactions: A Reference Guide

Edited by: Robert Danon, Vikram Chand, Guglielmo Maisto, Amanda Pletz
ISBN: 9789403540238
Release: August 2023
Price: € 152 – $ 170 – £ 134
Format: Hardcover, 1100pp