Background

In the context of discussions around BEPS, TP adjustments are subject to increased scrutiny in the EU and worldwide from a direct tax perspective but also from an indirect tax perspective.

Over the last years, tax and customs authorities have increasingly focused on whether such adjustments were properly handled from a customs standpoint and whether any additional VAT could be due.

Challenges we see...

Many companies have no standardised TP adjustment process but only a manual process that does not cover indirect tax implications of TP adjustments. As a consequence, opportunities for potential customs duties savings are missed and the risk of a wrong VAT treatment and corresponding late payment interest and fines is not adequately managed.

... and how we may support

We analyse the existing TP adjustment processes within your business from an indirect perspective.

**Step 1 – Health check**

We collect information on your current indirect tax treatment of TP adjustments and perform a high level assessment to identify key potential savings and risk areas to be presented in a short slide deck to discuss possible next course of action.

**Step 2 - Indirect tax analysis at country level**

Based on this discussion we offer to go further in clarifying indirect tax potential saving opportunities and risks at country level since no harmonised global VAT or customs treatment of TP adjustment exists. Our country analysis will include:

- A questionnaire to determine the VAT and customs rules applicable to downwards and upwards TP adjustments, possible penalties and reporting requirements at country level
- Review of sample TP adjustment invoices
- Review and recommendations on application of tax codes or corresponding postings / book entries

**Step 3 – Implementation support**

If need be, we can assist you in defining your future handling of TP adjustments in an indirect tax TP policy at country level or a harmonised global indirect tax TP policy.

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**At a glance**

Our team of experienced indirect tax professionals with strong knowledge on VAT and customs treatment of TP adjustments supports you to identify both opportunities and risk areas connected to TP adjustments and to initiate necessary changes to secure potential savings and avoid penalties.

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