

Operational Transfer Pricing

Improving transfer pricing execution through better intercompany processes, automated calculations and reports, and proactive management of the outcomes

What is Operational Transfer Pricing?

Operational Transfer Pricing (“OTP”) is our proposition that supports clients implementing and executing their transfer pricing (“TP”) policies effectively. This involves:

- Mapping intercompany transactions and processes;
- Establishing pricing conditions and calculation rules in/outside of ERPs;
- Implementing TP calculation engines ;
- Automating TP related calculations and accounting entries (incl. invoicing);
- Documenting internal controls; and
- Standardising reporting/ analytics.

Our Proposition

As part of our OTP proposition we review, design and test intercompany processes in order to streamline their execution and deliver organisational benefits.

We also optimise the use of technology to enable faster, accurate and seamless execution in the ERPs and via “small automation” i.e. Implementing TP calculation, monitoring and analytics tools (e.g. Alteryx, Power BI, Tableau) to perform tasks that cannot be embedded directly into ERP systems.

We operate across a variety of industries, and have seen growing demand within: Healthcare, Pharma, Chemicals, Automotive, IT services, Software and Medical Devices.

What benefits can be achieved with OTP?

OTP helps overcome inconsistent data used for TP and enables more efficient and effective implementation and monitoring on a real time basis.

OTP also allows a better management of the risks involved in cross border transactions by providing traceable and auditable solutions with strong process controls as well as better coordination and collaboration among stakeholders.

Key contacts



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Why is there a driving need?

Internal Drivers

Long term cost savings / efficiencies

The efficiency gain offered by OTP significantly reduces manual efforts and human error as well as improving the process cycle time.

Finance transformation programmes

With management needing to focus more on global and divisional line reporting, statutory and local country accounting needs are more aligned with geographic borders. An organisation’s systems and infrastructure must support both reporting requirements. OTP enables the transformation of financial systems to align with the TP operating model.

External Drivers

Globalisation

A well-constructed and executed global OTP framework is essential to properly manage financial statements, taxes and reputational risk for multinational enterprises (MNEs)

Complex supply chains have made entity financial segmentation more intricate. OTP eliminates the manual creation of segmented reporting to provide company-wide analysis down to the level of detail needed.

Changing tax landscapes

Companies are increasingly required to carry out scenario planning due to a dynamic tax regulatory environment. The ever-changing tax requirements and forensic approaches to local tax/TP audits have brought companies to consider separate tax data warehouses.

With OTP we help companies proactively identify potential risks / opportunities and manage them in a timely manner, which is key given the increasing speed of change in the current environment and in meeting the annual BEPS reporting requirements such as Country-by-Country Reporting and transfer pricing documentation.