



# Changing Employment Patterns and Economically Significant Functions

Many multinationals are introducing increasingly flexible working practices and greater mobility in terms of where roles are / can be located.

This may lead to certain roles being located outside of the IP owning / principal territory becoming more commonplace.

The question is whether the movement of such roles should impact the existing transfer pricing model, and if so, how?

PwC have designed a solution to address these key questions.

Employment patterns are changing and often key decision makers for economically significant functions (ESFs) are working more flexibly between locations, or are requesting to work in territories outside of the core/central hub entity.

This could have important implications for transfer pricing (TP) policies, especially in territories with a heightened focus on the role of a broad set of employees, beyond a small number of senior members of staff.

Going forward, the mobility of decision makers and its effect on TP policies will become key and common issues for many businesses. Our PwC solution helps clients to review and manage the effects of mobility on TP.

## What you need to think about:

- Are you experiencing a demand for greater mobility or flexibility around working arrangements?
- Are you clear as to the implications these changes might have on your existing TP policies?
- Do you have defined parameters in relation to how much flex your current TP model can tolerate?
- Would you be interested in an approach that evaluates the impact of different mobility proposals and provides a platform for determining when/in what situations the movement of certain individuals would / would not impact the existing TP model?

# Changing Employment Patterns and Economically Significant Functions



## HOW OUR SOLUTION WORKS

### STEP 1: ESFs

Determine the critical value driving activities within a group using our unique Value Chain Analyser tool.

### STEP 2: Data Analysis

Perform a thorough data analysis, including the application of measures based on well established statistical methods.

### STEP 3: Visualisation

Deliver an effective analysis and visualisation of the results to provide a platform for TP decision making.

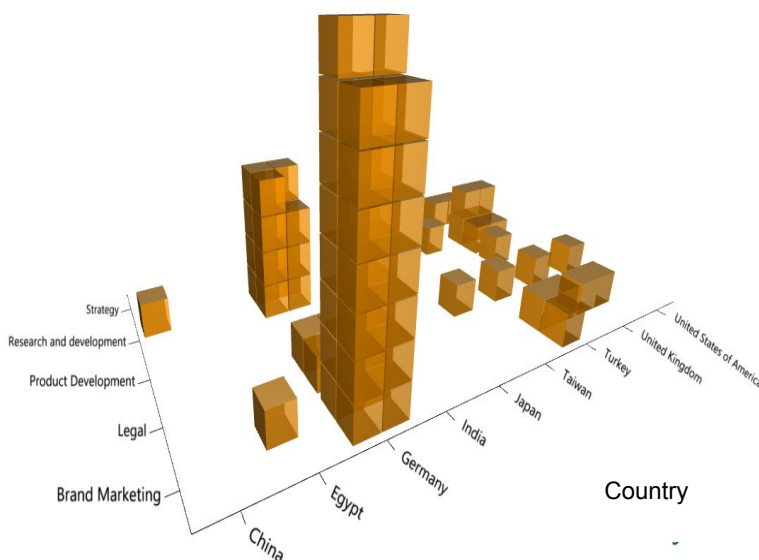
### Our solution helps clients to...

**...track and manage the effects of changing employment patterns on transfer pricing**

*“Do senior roles in specific countries compromise our current transfer pricing policy?”*

**...support decision making in the tax department**

*“Can we approve the hiring of a senior role in a specific country, without compromising our current transfer pricing policy?”*



### Find out more - contact:

#### Andrew Casley

[andrew.j.casley@pwc.com](mailto:andrew.j.casley@pwc.com)  
+44 7841 490917

#### Dan Pybus

[daniel.j.pybus@pwc.com](mailto:daniel.j.pybus@pwc.com)  
+44 7754 953461

#### Giorgia Maffini

[giorgia.maffini@pwc.com](mailto:giorgia.maffini@pwc.com)  
+44 7483 378124

**or your usual PwC transfer pricing contact**

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers LLP, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2021 PricewaterhouseCoopers LLP. All rights reserved. 'PwC' refers to the UK member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.