



## The TP&C Value Chain Analysis

The value chain analysis is the focal point of your transfer pricing system and is an indispensable tool for internal and external communications. A value chain analysis will help you to provide conclusive answers to the following questions:

- Why do clients purchase products or services provided by your company, what is your unique selling proposition?
- Which processes contribute vital value added to your business?
- What importance is to be attributable to intangibles and which entities within your group have made contributions relating to the intangibles?
- Which entities contribute unique and substantial value?
- Which entities contribute supporting (routine) services that contribute merely low value added?
- Are you able to quantify the value added contributions of individual entities?

Addressing and answering these questions will generate clear-cut picture of your business, which can be utilized in your communications. Conducting a respective analysis from a business perspective will allow you to implement targeted improvements to your competitive position and allow you to identify interrelations between the individual processes. From a transfer pricing perspective conducting a value chain analysis is crucial for ensuring an arm's length allocation of profits. A transfer pricing system that is rooted in the business processes of your group and aligns value added contributions with the allocation of profits, will also be sustainable from a tax perspective.

Our TP Tool „TP&C value chain analysis“ is based on the rationale: Know yourself! Nobody, neither a consultant nor a tax auditors, knows your business better than you and your colleagues. The TP&C value chain analysis is designed to help you structure your knowledge and transform it into one consistent picture of your business. The user friendly excel-based tool provides you with a battle-tested analytical framework and spares you the time to having create your own application. Pragmatic examples, based on OECD publications, as well as step-by-step guidance puts you in a position to immediately proceed with your own analysis. You can focus on the content, utilizing your knowhow, without the need to dwell or quibble about the analytical framework. As a straightforward excel-application, you can customize the TP&C value chain analysis according to your own preferences and ensure that the analysis fits your business.

We hope you have fun with the tool and are looking forward to receive feedback

Your TP&C Team