

## The Association of Corporate Treasurers

Comments in response to  
***HMRC APPROACH TO TRANSFER PRICING FOR LARGE  
BUSINESS***  
Consultation Document  
20 June 2007

September 2007

### The Association of Corporate Treasurers (ACT)

The ACT is a professional body for those working in corporate treasury, risk and corporate finance. Further information is provided at the end of these comments and on our website [www.treasurers.org](http://www.treasurers.org).

Contact details are also at the end of these comments.

We have canvassed the opinion of our members through our Policy and Technical Committee.

### General

We appreciate the opportunity to contribute to this consultation.

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### Response

The ACT's view is that it recognises and appreciates the commitment of HMRC to implement a more efficient approach to undertaking transfer pricing enquiries, by 31 December 2007. In addition the ACT is aware of the need for HMRC to respond to and conform with relevant EU Directives and legislation. In general we are supportive of the proposals made by HMRC although we have some specific comments as outlined below.

- In general, the case for partial standardisation of documentation is clearly beneficial to UK companies provided that they are not disadvantaged with respect to other EU Revenue authorities and their requirements. In respect of the suggested options concerning the assembling and submission of evidence, our view would be that Option 2 (namely HMRC could request the standard “EU Transfer Pricing Documentation” after a return has been made, and could possibly ask for further information) remains the preferred position. Despite the documentation being standardised we would not wish to see the burden of evidence submission being universally applied and therefore we appreciate the implication that you would apply a selective risk based approach in asking for the information. We would support your ‘New Approach’ of engaging companies in pre-return risk assessments, although we would wish such discussions to be voluntary so that companies can assess what approach is likely to be most cost effective. In addition, we would welcome definition of the application of the proposed rules to relationships between UK entities such that when no tax is at stake we would trust that HMRC will have a flexible attitude on compliance for what for many will just be an extra, non-productive, administrative burden.
  
- We would welcome further definition of the application of the proposed rules to relationships between UK entities
  
- As discussed above, pre-return risk assessment discussion would be helpful but there is a need to recognise a resource issue for SMEs in particular and they should not be penalised by following a post-return process.
  
- The document suggests certain advantages in using *bilateral* Advanced Pricing Agreements (APAs) but only asks for comment on *unilateral* agreements - perhaps HMRC could be encouraged to simplify and increase its use of both?

## The Association of Corporate Treasurers

The ACT is the international body for finance professionals working in treasury, risk and corporate finance. Through the ACT we come together as practitioners, technical experts and educators in a range of disciplines that underpin the financial security and prosperity of an organisation.

The ACT defines and promotes best practice in treasury and makes representations to government, regulators and standard setters.

We are also the world's leading examining body for treasury, providing benchmark qualifications and continuing development through training, conferences, publications, including *The Treasurer* magazine and the annual *Treasurer's Handbook*, and online.

Our 3,600 members work widely in companies of all sizes through industry, commerce professional service firms.

Further information is available on our website (below).

Our policy with regards to policy and technical matters is available at <http://www.treasurers.org/technical/resources/manifestosept2006.pdf>.

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*The Association of Corporate Treasurers is a company limited by guarantee in England under No. 1445322 at the above address*