TP WEEK
TRANSFER PRICING
WEEKLY NEWS FROM
INTERNATIONAL
TAX REVIEW™

www.tpweek.com

World Transfer Pricing 2015

The comprehensive guide to the world's leading transfer pricing firms

World Transfer Pricing 2015

TRANSFER PRICING WEEKLY NEWS FROM INTERNATIONAL TAX REVIEW™

Nestor House, Playhouse Yard
London EC4V 5EX UK
Tel: +44 20 7779 8308
Fax: +44 20 7779 8500

Managing editor, *TPWeek*: Sophie Ashley
Email: sashley@euromoneyplc.com
Reporter, *TPWeek*: Sophie Harding

Managing editor, *International Tax Review*: Ralph Cunningham
Corporate tax editor: Matthew Gilleard
Reporter: Aaran Fronda

World Transfer Pricing writers: Meredith McBride, Jon Montgomery, Jakob Schnaidt, Joe Stanley-Smith

Production editor: João Fernandes
Web production editor: Josh Pasanisi

Marketing manager: Kendred Dove
Marketing executive: Sophie Vipond
Subscriptions executive: Nick Burroughs

Associate publisher: Andrew Tappin
Email: atappin@euromoneyplc.com

Business manager: Megan Poundall
Email: mpoundall@euromoneyplc.com

Publisher: Oliver Watkins
Email: owatkins@euromoneyplc.com

Divisional director: Greg Kilminster

Customer services: +44 20 7779 8610
UK subscription hotline: +44 20 7779 8999
US subscription hotline: +1 800 437 9997

International Tax Review is published 10 times a year by Euromoney Trading Limited, London.

Introduction

Welcome to the second edition of World Transfer Pricing, 2015, *TPWeek's* directory to the leading transfer pricing advisory firms around the world.

Multinational companies' transfer pricing operations have never been under more scrutiny; not just from the tax authorities but from politicians and the public as well. Consequently, finding the right transfer pricing adviser, that can manage a company's transfer pricing demands and offer industry experience, has never been more crucial.

Going to the biggest firm, or the adviser with the highest profile, may seem like the obvious thing to do. Or hiring the team that has an established reputation in related industries, or areas of practice, may seem logical. What about the practice that does the largest transactions?

A tax executive can go down many routes before finding the right adviser. Listening to recommendations from peers, relying on international networks and opening the work up to tender offers are all options available to tax and transfer pricing directors.

World Transfer Pricing is another resource. Each edition rates the transfer pricing expertise offered in more than 50 jurisdictions globally, giving tax executives the most comprehensive information about the market for tax advice.

The publication is unique among directories because it classifies professional services, law firms and other transfer pricing advice providers, such as economists, together, rather than looking at them separately, because they undoubtedly compete for work.

The fact that this competition exists is also evident in the regular moves that practitioners make between law firms and other providers. It is common for advisers to spend different periods at law firms and a Big 4 practice during their careers.

It's all about quality

If this guide was just about depth and breadth of practice, then the firms who have the largest practice would always come out on top. But those practices may have stayed the same numerically for a number of years and while doing solid work, only retain clients out of loyalty. They may not have equipped themselves to deal with key transfer pricing developments.

It is usually clear-cut in most jurisdictions covered in this publication where firms should be placed relative to the tier criteria and to each other. The criteria (which you can see elsewhere in this introduction) covers size, breadth and depth of practice, and specialisms. While these are all important, they are not the crucial factors. Quality of work has to be.

The few marginal decisions required about which firms should go in which tiers are made according to the ingenuity and innovation that lawyers and advisers bring to client engagements.

Much goes into that criterion – knowledge, experience of advisers, attentiveness, diligence – to work out a seemingly intractable issue where the advice has been in conflict.

Any other way is just not helpful to tax executives.

It is in this context that *TPWeek* presents World Transfer Pricing 2015, its comprehensive guide to the world's leading transfer pricing firms. We hope it will help tax executives obtain the best advice for their situation.

Methodology

TPWeek researchers and journalists interviewed corporate tax and transfer pricing directors and their advisers by phone, e-mail and face-to-face to compile the tiers of leading firms and write the commentaries for 51 jurisdictions in World Transfer Pricing 2014.

Tiers and methodology

Tier 1

Firms have a leading reputation in their jurisdiction. They have a varied portfolio of work. They offer a range of transfer pricing services. They boast a variety of different clients.

Tier 2

Firms have a leading reputation in their jurisdiction. They have a varied portfolio of work. They offer a range of transfer pricing services.

Tier 3

Firms have a leading reputation in their jurisdiction. They have a varied portfolio of work.

The corporate interviewees were chosen from a representative sample of clients of the leading firms in the market. One of the questions we asked was: "Who is your primary adviser?" We clearly could not know this in advance so the representative sample could only be constructed after the interviews were completed.

Interviews with tax and transfer pricing directors were more extensive this year than ever before. On an anonymous basis, we asked them questions about, for example, the quality of advice received, opinions about teams and individual advisers and what their advisers did well or badly.

The objective of interviewing both practitioners and tax executives was to get an opinion of transfer pricing advisers from their peers and their clients.

Tax directors have their own view of the market, based on the advisers they use, while practitioners have a broader view of practice because they advise many more clients than the number of external advisers a tax director uses.

At the same time, there was a possibility of bias and ulterior motive in what anyone contributed to the research and we tried to minimise this as much as possible through a verification process.

No recommendation from any adviser for their own firm or their colleagues in that firm was taken into account. Firms could not pay to be included in the tiers or to have their individuals listed but were offered independently the opportunity to list their professional details for a fee.

Tiers of leading firms from 51 countries or territories have been included.

Unique rankings

Leading individuals have been highlighted in the text about their firm in the market commentaries on each country and territory, rather than being listed separately by specialism.

At the top end of the rankings are the firms that have the greatest depth of resources, experience, and range of specialisms. They are considered the best teams overall for tax advice in the country concerned. The important point to note about the rankings is that all the firms listed have highly reputable tax individuals in their advisory teams.

We hope you find World Transfer Pricing 2015 to be a valuable tool in helping you identify the appropriate advisers in the jurisdictions covered.

Sophie Ashley
Managing editor *TPWeek*

Global introduction

James Fuller, David Forst, Kenneth Clark, Andrew Kim, of Fenwick & West, provide a global overview of transfer pricing in terms of how taxpayers are being affected.

The global transfer pricing landscape continues to evolve with numerous significant developments during the past year and additional anticipated changes in the pipeline. The OECD is continuing its work on various BEPS (base erosion and profit shifting) action plan items, as participating countries debate competing views and expectations regarding how the BEPS action items should be implemented. Transfer pricing documentation remains a topic of central importance and interest for stakeholders, with the OECD's proposed country-by-country reporting being a central feature (and central area of concern) for the new guidelines. In the US, the Internal Revenue Service (IRS) has issued a transfer pricing roadmap that is expected to impact the conduct of transfer pricing audits in the US. Other countries also have seen a number of important recent developments in the transfer pricing area as well.

BEPS

As the BEPS project continues to gather momentum, US government officials have expressed concerns with respect to certain aspects of the BEPS proposals. Some members of the US Congress have expressed concerns that the BEPS project may be used as a way for other countries to simply increase taxes on American taxpayers. The Senate Finance Committee held a hearing on June 22 to consider the need for comprehensive tax reform, including BEPS. Senator Hatch (R Utah) expressed a concern that BEPS could be used by other countries to increase taxes on US taxpayers, and sought assurances from a US Treasury official, Robert Stack, and OECD representative, Pascal Saint-Amans, that the US would not be rushed into accepting a "bad deal" just for the sake of reaching an agreement. Stack recently stated that, as an overarching principle, it is important that the product of the BEPS project be "clear and straightforward rules rather than something subject to and susceptible of lots of interpretations".

According to the OECD BEPS discussion drafts: "Special measures, either within or beyond the arm's-length principle, may be required with respect to intangible assets, risk and over-capitalisation", to address purported flaws in the transfer pricing system. The OECD is considering circumstances in which related-party contracts can, or should be, ignored under a "special measure". One concern with such "special measures" is that they inherently will involve a degree of subjectivity and ambiguity, which likely will obscure the application of the arm's-length standard.

As some countries are pushing the international community to adopt rules that would substantially deviate from the arm's-length method, the US is a leading proponent of preserving the arm's-length standard. Stack said the US has an interest in preserving respect for legal entities and contracts unless there are unusual circumstances, and that value should be attributed to the place where the functions, assets and risks are performed. Stack also said the US has worked hard to make the arm's-length principle well-articulated and clear. The US, however, is willing to look at situations that are being called "special measures" that could preclude "unacceptable" policy results, for example, in the case of transferring intangibles. Stack did acknowledge, however, that, from a US perspective, such measures could be "within § 482, or they may need special legislation".

The OECD's work in this area bears close scrutiny by the tax community since the implementation of a "special measure" almost certainly would be a deviation from the arm's-length principle. Work on these BEPS actions is likely to be the most difficult work for 2015.

Transfer pricing documentation and country-by-country reporting

Multinational companies face the challenge of ever increasing complex and costly transfer pricing documentation rules that vary significantly by country. The OECD continues its work on transfer pricing documentation guidelines and country-by-country reporting, a topic that has been the subject of considerable debate. The amount of information that will be requested under the OECD's guidelines is expected to be scaled back from the 17 original proposed items to six or seven items, including the expected removal of intercompany transactional data (related party royalties, interest, and service fees) from the reporting template. An important subject of discussion is whether to exclude small and medium-size businesses from some of the more burdensome filing requirements that would apply to larger multinational taxpayers.

Stack said the US has been working to convince other countries that less data should be required for purposes of conducting a transfer pricing risk assessment. The US wants to make sure this is a risk assessment tool, not a backdoor way to formulary apportionment. The concern is that the scope of information being requested by the draft country-by-country template exceeds the level of detail that would otherwise be necessary to conduct a high-level risk assessment. The amount of detail being requested is contributing to concerns the information will be used to achieve a result that deviates from the arm's-length method.

Among the list of unresolved issues for the transfer pricing documentation guidelines is the method of filing the master file and country-by-country template. Larger multinationals and their home governments (including the US) generally prefer a system in which information is filed centrally in the parent company's country of residence. Other countries would then request copies of documentation from the resident country via treaty information exchange procedures. However, some countries have expressed a preference that transfer pricing documentation be filed directly with local countries, to avoid having to request information from another country via treaty mechanisms.

Opponents of direct local filing raise concerns over confidentiality and unauthorised information disclosures, while opponents of a centralised filing system cite concerns regarding having to work with a slower and more burdensome treaty-based information exchange system. Stack has said the US is trying to ensure that companies are able to prepare the documentation and that the information would be shared by the IRS under its treaty network or through treaty exchange agreements. Stack said the US wants to have some kind of mechanism to withhold information from countries if they are misusing the information.

Another sharply divisive issue is whether local files should be maintained in the local country language, or alternatively maintained in English (as would be the case with the master file). Larger multinationals generally prefer maintaining local files in English, while developing countries generally prefer maintaining local files in the local country language to make such information more accessible to local country tax administrators.

The working party for Action 13 is expected to issue a new analysis regarding implementation around the beginning of 2015 in an effort to address confidentiality and consistency concerns with respect to transfer pricing documentation.

US transfer pricing roadmap

The IRS has designed and made public a transfer pricing roadmap. The roadmap is a tool to assist IRS examiners and taxpayers to cooperatively audit and resolve transfer pricing issues. The roadmap is designed to provide audit techniques and tools to assist with the planning, execution and resolution of transfer pricing examinations. It encourages open communication and cooperation with taxpayers, instructing examiners to engage in up-front planning and to involve transfer pricing specialists at the earliest stage of an audit. The roadmap asserts that transfer pricing specialists can ensure that the audit timeline is appropriate given the complexity of the case, provide guidance regarding resources and staffing, and help determine which issues are not worth pursuing. The roadmap states that if the taxpayer's financial results are reasonable the transfer pricing issue may not be worth pursuing.

Transfer pricing cases are usually won and lost on the facts. The key in transfer pricing cases, the roadmap explains, is to assemble a compelling factual story based on a thorough analysis of functions, assets, and risks, and an accurate understanding of the relevant financial information. The roadmap instructs IRS examining agents to base the story on a thorough analysis of functions, assets, and risks, and an accurate understanding of the relevant financial information. The particular industry should be considered. The conclusion should come across as inevitable. A presentation developed with these guidelines, the roadmap explains, will lend credibility to a proposed adjustment and increase the odds of early resolution or sustention on review.

Developments in other countries

Considering the transfer pricing landscape around the world, it is evident that the pace of audits and legislative activity in the area of transfer pricing continues to be quite high. We note just a few examples below.

In Germany, taxing authorities are testing new ground when it comes to intra-group financing activities. Based on a questionable interpretation of several Federal Tax Court rulings, German tax examiners recently have adopted the view that counterparty risks may no longer be taken into account when determining interest rates on intra-group financing. The argument is that a controlled relationship is a substitute for security and therefore any intra-group loan should be regarded as a loan for which security has been provided that is at least equal to the solvency of the group parent.

Another issue is whether a royalty may, or should, be charged to a group member if it uses a trademark that is identical to the group's name, with the German tax authorities taking conflicting views on inbound versus outbound contexts.

Transfer pricing and BEPS issues continue to be at the top of the list of areas of interest for French lawmakers and auditors. France recently introduced new anti-hybrid provisions, and extended transfer pricing documentation requirements to assist government auditors. As part of the new documentation requirements, corporate taxpayers will be required to file an annual simplified documentation with the tax authorities (with the normal documentation to be provided in case of an audit). France also has increased its scrutiny of internet companies, which have been the subject of raids by the tax authorities focusing on PE issues and the deductibility of royalties paid to foreign companies.

In the Netherlands, a new Dutch transfer pricing decree was issued at the end of 2013 that links many of the Dutch tax authorities' positions to the OECD transfer pricing guidelines, while also including elements of the OECD's report in relation to intangibles. Dutch practitioners are seeing a trend in policy and case law with an increased focus on profit allocations based on functions, and in particular, significant people functions relevant to the ownership of assets and the assumption of risks.

In Spain, subsidiaries of foreign multinationals are seeing a marked increase in transfer pricing audits, with the Spanish tax authorities largely applying BEPS principles. Auditors are targeting arrangements that have weak economic content or involve payments to foreign entities with little substance that are viewed as improperly eroding the Spanish tax base.

In India, the Parliament passed a finance bill legislating a four-year roll back of APAs, introducing a range concept as compared to an average mean, and the use of multiple year data. Although APAs have started being issued by the Indian government, the relationship between US and Indian tax authorities remains strained, and the current impasse on US-India APAs and the MAP process continues.

In China, as in many other jurisdictions, taxpayers face more aggressive and sophisticated approaches to transfer pricing audits. Chinese tax authorities are asserting more novel theories as a way of justifying higher returns for a Chinese affiliate, including location-specific advantages and market premiums. Chinese authorities are also examining the profitability of the entire supply chain when reviewing profit allocations based on specified functions, and looking to attach higher returns to locally developed IP (including marketing intangibles). One concern for taxpayers is that China selectively will choose among the BEPS proposals that are most advantageous to China, undermining the benefits of standardisation and consistency that are intended by the BEPS project.

In Canada, the tax authorities have had victories on a number of fronts in the past year, including wins in some high profile tax cases that were critical of the taxpayers' transactions and transfer pricing documentation (including the assessment of penalties in one case, and double-taxation in another). The tax authorities continue to be aggressive in their examination of transfer pricing cases.

Conclusion

In summary, the global transfer pricing landscape is marked by dramatic and continuing shifts in both the coordinated actions of the OECD and the unilateral actions of foreign governments around the world. Needless to say, much more is to come.

India

Tax authorities

Department of Revenue, Ministry of Finance
Room No 46, North Block
New Delhi, 110001
Tel: +91 11 2309 4595
Email: jsrev@nic.in
Website: dor.gov.in

LEADING FIRMS

1	Deloitte
	EY
	KPMG
	PwC
2	BMR Advisors – Taxand
	Grant Thornton
	Sudit K Parekh
	TP Ostwal & Associates
3	BDO India
	Economic Laws Practice
	GM Kapadia & Co
	K C Mehta & Co
	Khaitan & Co
	Luthra & Luthra
	Nangia & Co

Firms to watch

Advaita
Lakshmikumaran & Sridharan

The transfer pricing market has been changing rapidly in India and tax professionals must keep abreast of new regulations, a new administration, a new budget, and an increasingly aggressive tax authority. Practitioners mention that businesses can expect the market to continue to change and develop for some time.

An increase in dispute work and uncertainty over the retrospective nature of audits in recent years has created a demand for APAs in the Indian market. With the first round of agreements being completed, firms are hopeful that taxpayer confidence will go up and demand will increase. Of the 146 applicants, only five taxpayers were granted the agreements, but demand has not slowed; an additional 232 companies have submitted paperwork in the programme's second year.

Increasing sophistication of auditors at the Department of Revenue furthers the demand for APAs. "They [taxpayers] need stability in the tax outflows and thereby there has been a positive response in relation to budget amendments which provide that APA's can now be entered for previous years," says Amit Agarwal of Nangia & Co.

The ITA has also extended the definition of transfer pricing to apply not only to international transactions but to domestic ones as well. The result is that Indian companies are subject to these regulations. The Companies Act, 2013, codified that arm's-length would be used for related party transactions between domestic entities.

"Companies are demerging," says Ramandeep Narula of Amarchand about the effects of new regulations. "Some of the market's largest companies, including telecom giant Vodafone have been undergoing internal restructuring to differentiate between its various businesses – some of which return higher profits than others and are thus more at risk for audits."

The result of such policies is that transfer pricing is an increased area of focus for the tax authorities because it appears to be an easy route to raise rev-

Tax rates at a glance

(As of August 2014)

Corporate income	30%-40% (a)
Capital gains	10%-20% (b)
Branch tax	40%
Withholding tax (c)	
Dividends	0% (d)
Interest	5% - 20% (e)
Royalties	25%
Technical service fees	25%
Branch remittance tax	0%
Net operating losses (years)	
Carryback	0
Carryforwards	8 (f)

These tax rates are as per the relevant provisions of the domestic law. Tax rates prescribed in the tax treaties have not been mentioned above.

a) Corporate income tax rate is 30% for domestic companies and 40% for foreign companies and branches of foreign companies. Taking into account surcharge (applied on slab basis) and cess, the highest rate is 33.99% for domestic companies and 43.26% for foreign companies.

b) For financial year 2014-2015, the applicable tax rate on long-term capital gains derived by a non-resident from the sale of unlisted securities is 10% (plus applicable surcharge and cess). Gains on other long-term assets are taxed at 20% (plus applicable surcharge and cess) with benefit of an inflation adjustment. Short-term gains on listed shares and specified securities, which are subject to the securities transaction tax, are taxed at 15% (plus applicable surcharge and cess), and gains from other short-term assets are taxed at the applicable normal tax rates.

c) If the non-resident does not have a Permanent Account Number, that is, a tax registration number, tax must be withheld at the applicable rate or 20%, whichever is higher.

d) Dividends are not subject to withholding tax. Dividends paid by a domestic company are subject to dividend distribution tax at the effective rate of 19.994%.

e) Interest paid to a non-resident on debt incurred under a loan agreement or by way of issue of long-term infrastructure bonds or by way of issue of long term bonds, by an Indian company or business trust, in foreign currency is subject to a 5% withholding tax (plus applicable surcharge and cess) provided the borrowing is made during the prescribed period, subject to other conditions. The prescribed period for borrowings under a loan agreement and by way of issue of long term infrastructure bonds is July 1 2012 to June 30 2017; in case of borrowings by way of issue of other long term bonds, the prescribed period is October 1 2014 to June 30 2017.

f) Business losses and capital losses may be carried forward for eight years, with short-term capital losses offsetting capital gains on both long and short-term assets, and long term losses offsetting only long-term gains. Other than unabsorbed depreciation (which may be carried forward indefinitely), losses (except losses pertaining to house property) may be carried forward only if the tax return is filed by the due date. Unabsorbed depreciation may be offset against any income whereas business losses may be offset only against business profits.

Source: *Tax advisers from BMR Legal, Taxand India*

enues. Many cases before the review board concern transfer pricing adjustments. "This has been a place of contention the last year," says Neeru Ahuja from Deloitte.

General Anti-Avoidance rules are making their way to India in 2015. However, not all firms feel positive about their implementation. A large number of suggestions have been made, but many practitioners feel that to introduce these rules all at once would make compliance difficult for businesses – and for the tax administration, who would be required to handle the influx of work. The administration is still working to find their feet on the matter.

Alternatively, many firms look forward to having more specific definitions codified so that regulations become clear. "I think they [GAAR definitions] will only be positive… because we have no definition, we see a lot of irrational interpretation," said Rohan Shah of Economic Laws Practice.

Tier 1

Samir Gandhi leads the transfer pricing practice at **Deloitte**, and has seen the practice expand under his leadership. While safe harbour rules were once the main area of focus, the team is seeing a trend in APA applications from firms concerned about the threat of litigation. The firm has developed an APA specialist team, led by **S. Singh** and **Vineet Chhabra**. With the help of Gandhi, the leaders devised one of the first successful APAs in the financial sector on behalf of a private equity firm.

Tarun Arora joined 10 other partners and over 300 professionals in Deloitte's transfer pricing practice and has already made a significant impact on the trade. Arora took on a case for a mining and metals company designing a profit model split regarding tax holidays. The deal involved determining the arm's-length profit attributable to various aspects of the company.

The firm also offers a Global Transfer Pricing Centre under **Parikshit Datta**. Operating in Kolkata and Bangalore, the team specialises in global documentation for financial transactions and the valuation of intangibles.

EY's transfer pricing practice is led by **Vijay Iyer**, who has 18 years of experience in the field, and comes highly regarded by the market for his abilities in TP documentation. The team is one of the largest in the Indian market, and added four new partners over the past year to form a team of 15 fully dedicated to transfer pricing.

In a significant case, the team advised one of the fastest growing telecommunications companies on supply chain structuring and intangible assets kept both in India and overseas. The case involved recognising alternative tax effective remuneration policies and valuation of intangibles such as brand and personnel.

EY's TP capabilities include advisory on governance and decision making, as well as risk assessment and mediation. Their Operating Model Effectiveness programme engages clients to design efficient business structuring taking into account transfer pricing, tax, customs, and financial implications.

At **KPMG**, **Rohan Phatarphekar** leads one of India's largest transfer pricing groups. Phatarphekar has been working in transfer pricing since 1997, several years before TP legislation was even introduced in India, and is highly regarded in the field. He now heads KPMG's practice in seven offices across the country.

Phatarphekar led one of the first APA deals in India for a private equity investment group – one of the first five successful applications. KPMG estimates it has advised over 100 APA cases to date and frequently gets requests from multinationals who have heard of the firm's expertise in this area.

The firm further helps clients to be arm's-length compliant and defends tax structures against the tax authorities. The TP practice estimates that it has advised 1200 clients to date.

New additions to the firm's practice are **Karishma Phatarphekar**, with 17 years of experience in Indian transfer pricing and **Munjal Almoula**, previously with PwC.

Sanjay Tolia has taken over as head of the TP practice at **PwC** after the departure of Rahul Mitra. The firm offers comprehensive services including end-to-end advisory, which provides a holistic approach to business planning and helps customers on projects from beginning stages of determining transfer strategy to actual implementation.

The firm provides general transfer pricing services, including documentation and defence, value chain transformation, risk assessment, and APA strategies. The firm hosts webcasts and publishes thought leadership in various areas of transfer pricing.

Tier 2

Of counsel, **Mukesh Butani**, leads the TP practice at **BMR Advisors – Taxand**. The firm boasts some of the world's largest organisations as clientele. The firm is geographically diverse, with practices across India. **Sanjiv Malhotra** leads the Northern operations from Gurgaon and the western region is covered by **Amod Khare** in Mumbai.

Gokul Chaudhri, Butani, and Malhotra are advising Shell on a TP dispute before the High Court. The case brings up novel questions, including whether adjustments can be made in respect of transactions on capital account, valuation issues for determining price of shares and whether the issuing of shares should be characterised as domestic or international transactions. Other clients include General Motors, Canon, Fujifilm and AirLiquide.

The firm welcomed **Ajit Jain** to its Mumbai office. Jain brings international tax and TP experience and focuses on dispute resolution and the new APA market. **Suchint Majmudar** joined the team in Bangalore and has knowledge of value chain structuring.

Arun Chhabra leads **Grant Thornton**'s team of 56 transfer pricing professionals. The firm offers a range of services including policy making, implementation, documentation, and compliance. It also has litigious capabilities and has successfully defended many cases before the revenue appellate authorities. The team can also advise on APAs.

Fatema Hunaid took on a significant deal on behalf of Aris Global Holdings, a software and life sciences company. In addition to Indian considerations, the deal involved transfer pricing structuring across its entities in the US, UK, Germany, Italy, France and Japan. The project goal was to establish an arm's-length transfer pricing policy consistent with various domestic regulations in each country, while simultaneously remaining compliant from an international perspective.

Rajiv Jain joined the practice in 2014 following the departure of Karishma Phatarphekar.

Sudit K Parekh & Co's transfer pricing practice is headed by **Maulik Doshi**, who has more than 11 years of experience in transfer pricing advisory and strategy. The firm estimates it takes on 225 transfer pricing assignments annually and has defended 70 transfer pricing assessments to date.

The team offers a broad range of services, including assisting in implementation of TP policy, providing benchmarking support, maintaining documentation, issuing of CA certificates, and compliance work including dispute resolution.

In a recent transaction, Doshi and partner **Sudhir Nayak** advised a taxpayer that had used the transactional net margin method (TNMM) to export its products. The authorities rejected the method and proposed additions to the account of overdue receivables. The firm was successfully able to counter the argument and prove that no interest had been accrued.

T.P. Ostwal is the fittingly-named lead transfer pricing partner of his namesake firm **TP Ostwal & Associates**. Ostwal comes recommended by the market for his abilities in disputes. Due to his involvement in several government committees, Ostwal has good rapport with local tax authorities. He is also the author of two chapters for India in the UN Practical Manual on Transfer Pricing for Developing Countries.

The firm pinpoints transfer pricing as a key area of growth, not just in their own practice, but in India as a whole. To boost its abilities, TP Ostwal added an additional transfer pricing professional to his practice, bringing the total number of team members up to 21.

Tier 3

BDO India was previously known by the name MZSK & Associates. The firm joined BDO's global network in April of 2013. Since then, the firm has seen significant growth in both general tax and transfer pricing with the hiring of personnel at both partner and associate level.

Led by **Milind Kothari**, BDO India's transfer pricing practice has enjoyed its new global network and since joining, has expanded its international clientele and expertise base. Kothari has over 31 years of experience in the tax market, and also has expertise in direct transfers. The firm has four key offices in

Mumbai, Delhi, Pune and Hyderabad, and small operations in Auranagabad.

The team recently advised a German private equity group with subsidiaries operating in India. Although they were originally requested to provide general transfer pricing risk assessment, the firm pinpointed a more optimal business structure for the client and the deal developed into a full-fledged due diligence assessment of risks within all of the taxpayer's Indian subsidiaries.

New additions to the firm, both from Haribhakti & Co, are **Pradeep Kasthala** and **Partho Dasgupta** with 10 and 20 years of transfer pricing experience respectively.

Rohan Shah leads the transfer pricing practice at **Economic Laws Practice**, with the help of additional partner **Rohit Jain**. Many of the firm's experts are internationally trained to provide a broad perspective on transfer pricing issues. Economic Laws Practice's strategic value is its ability to advise on international trade and customs. It also desires to be a one-stop firm where clients can get all the transfer pricing work they require, from advisory to litigation. The team works with many of India's most important industries, including technology, automotive, and manufacturing.

Under the new Companies Act, Shah and Jain advised JSW Steel Limited on transactions occurring after is acquisition of a cement company from Heidelberg Cement India Limited. Transfer issues arose between it and its group company, requiring arm's-length and structuring considerations.

Hitesh Trivedi, **Harsh Shah**, and tax leader **Ashwin Damania** are the key partners in **GM Kapadia & Co**'s transfer pricing practice. While the firm services clients across multiple sectors, it sees growth in demand from financial clients such as venture funds, and also from clients in the real estate industry.

The team advised a multinational manufacturing company on its start-up operations supplying goods into India. The taxpayer needed an efficient TP model to align pricing across its international operations. The firm guided them with proper transfer mechanisms between their associated enterprises.

In addition to general tax, **Milin Mehta** also leads the transfer pricing service line of **K C Mehta & Co**. The firm has an office in Mumbai and two in Gujarat state in the cities of Vadodara and Ahmedabad.

The firm formulated global transfer pricing policies across multiple countries for an Indian-headquartered manufacturing company. The taxpayer had subsidiaries across Europe and in the US, thus Mehta had to take into account the tax regulations and documentation requirements in each jurisdiction.

The firm also works in transfer pricing documentation in areas including royalties and fees, capital goods transactions, software development, marketing support, distribution, and personnel transfers.

The transfer pricing practice at **Khaitan & Co** is led by direct tax expert **Sanjay Sanghvi**. The firm's unique business model provides high-end advisory and litigation services for tax and transfer pricing clients. The firm caters to clients in engineering, pharmaceuticals, private equity, and venture capital. The firm has good relationships with domestic Indian clientele, but also gets referrals from global law firms with clients wanting to structure investments into India.

Many clients come from India's dynamic information technology sector, and the firm also has experience working in financial services, pharmaceuticals, and infrastructure. Khaitan & Co advised on the determination of arm's-length prices to be charged to Gujarat Fluorochemicals for a sale made to subsidiaries. The deal involved business model analysis to benchmark international transactions and potential adjustments.

Vikas Srivastava takes the lead of transfer pricing services at **Luthra & Luthra Law Offices**. The team combines lawyers, accountants, and tax specialists to provide holistic services to clients. The firm conducts transfer pricing transactions, represents clients during proceedings, and assists in creating arm's-length compliant documentation.

The firm acted in one of the first transfer pricing rulings in front of the High Court of Delhi. The firm represented client, Global Vantedge, on a transfer pricing audit. After the court ruled in favour of the taxpayer, the Income Tax Department filed an appeal, which was subsequently dismissed by the Supreme Court.

The firm also advised a large Indian media company regarding the classification of its services in accordance with the service tax legislation on the transfer of intellectual property during a demerger.

The transfer pricing practice at **Nangia & Co** has grown to 14 professionals under the leadership of partner **Amit Agarwal**, who joined the firm in early 2014.

The team caters to Nangia & Co's many clients in the oil and gas industry, and takes on complex transfer pricing deals on their behalf. In a notable deal this year, the team helped a major oil and gas rig operator to demonstrate that it had a unique interest adjustment that was warranted because of its debt-equity ratio. The resulting decision decreased taxes from $50 million to $2 million annually.

The firm is also prepared to help in other areas of transfer pricing, including compliance work and documentation, advisory, structuring, litigation, mutual agreements, and APAs.

Firms to watch

Although **Sunil Moti Lala** is the sole partner at the transfer pricing practice of **Advaita**, the firm has made many hires at the associate level in its first year of practice. Lala is a former KPMG partner and is also supported by **Sujit Ghosh**, a founder of BMR Legal. The team has already provided TP services to big names including Maersk Global and Alstom Projects.

The firm of **Lakshmikumaran & Sridharan (L&S)** is a newcomer to *World Transfer Pricing*, but has been working in the Indian tax market for nearly 30 years. 24 tax partners work on various issues within tax across nine offices in India. **Lakshmi Kumaran** is one half of the founding team and the other half is **V Sridharan**, who focuses on customs, excise and service tax, and VAT.

The firm has previously served well-known clientele, including large players in the Chinese market. In a recent deal, the firm did paperwork and litigation on behalf of an aviation company, and has provided TP studies on behalf of various clients. The firm also submitted an APA application for a US-based liquor manufacturer.