

Advantage Partnership Lawyers



Transfer Pricing Services

Our Value Proposition

Independent

- Alternative to “big-four”
- Independent
- No conflicts of interest

Advantage Partnership Lawyers

AUSTRALIA & NEW
ZEALAND

Advantage Partnership Foreign Lawyers

JAPAN

Specialist

- Senior practitioners in Australia, New Zealand and Japan
- Experienced in assisting Japanese multinationals manage their transfer pricing positions in a number of countries

- Advantage Partnership Lawyers is and will remain primarily responsible for the delivery of transfer pricing services
- Your projects will be managed by **Junichi Horie** of our Sydney office

Our Project Team

Your key contact



**Advantage Partnership
Lawyers**
Junichi Horie



Project Team
Junichi Horie &
Maja Mihajlovska

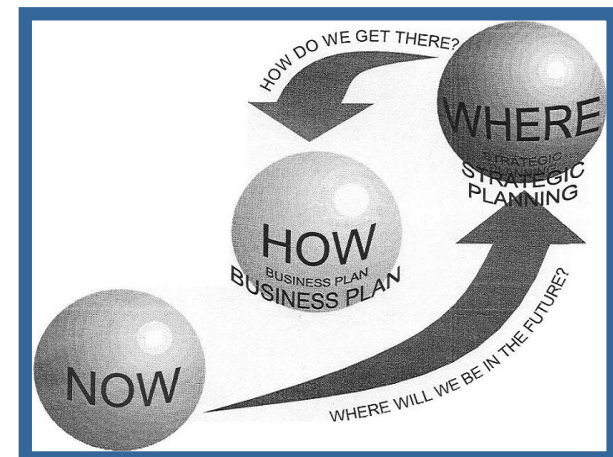


Your project team will be structured to ensure we maximise our experience and communication, thereby providing you with optimal outcomes.

Our Project Plan

Our transfer pricing project plan will take into account:

- The scope of services that you ask us to provide;
- The extent to which pre-existing transfer pricing documentation and analysis exists that we can leverage from; and
- The level of risk that we perceive to be associated with the Australian operations.



Our Transfer Pricing Process

Company's
Business
Operations

How to get from a business
model to a manageable transfer
pricing system?

Phase One

Phase Two

IDENTIFY BUSINESS
CONTEXT

DESIGN &
IMPLEMENT

DOCUMENTATION

APA

BOX 1

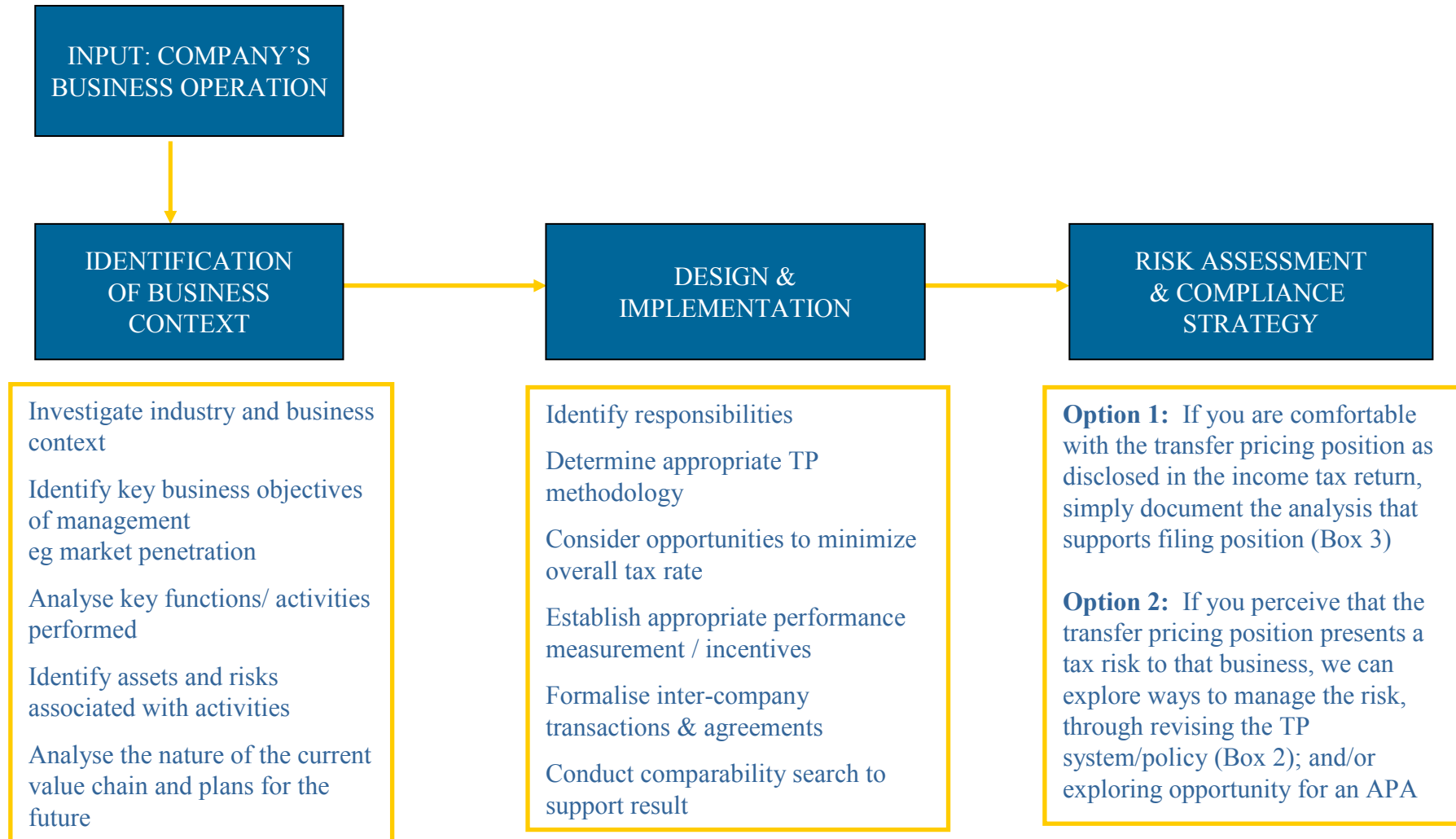
BOX 2

BOX 3

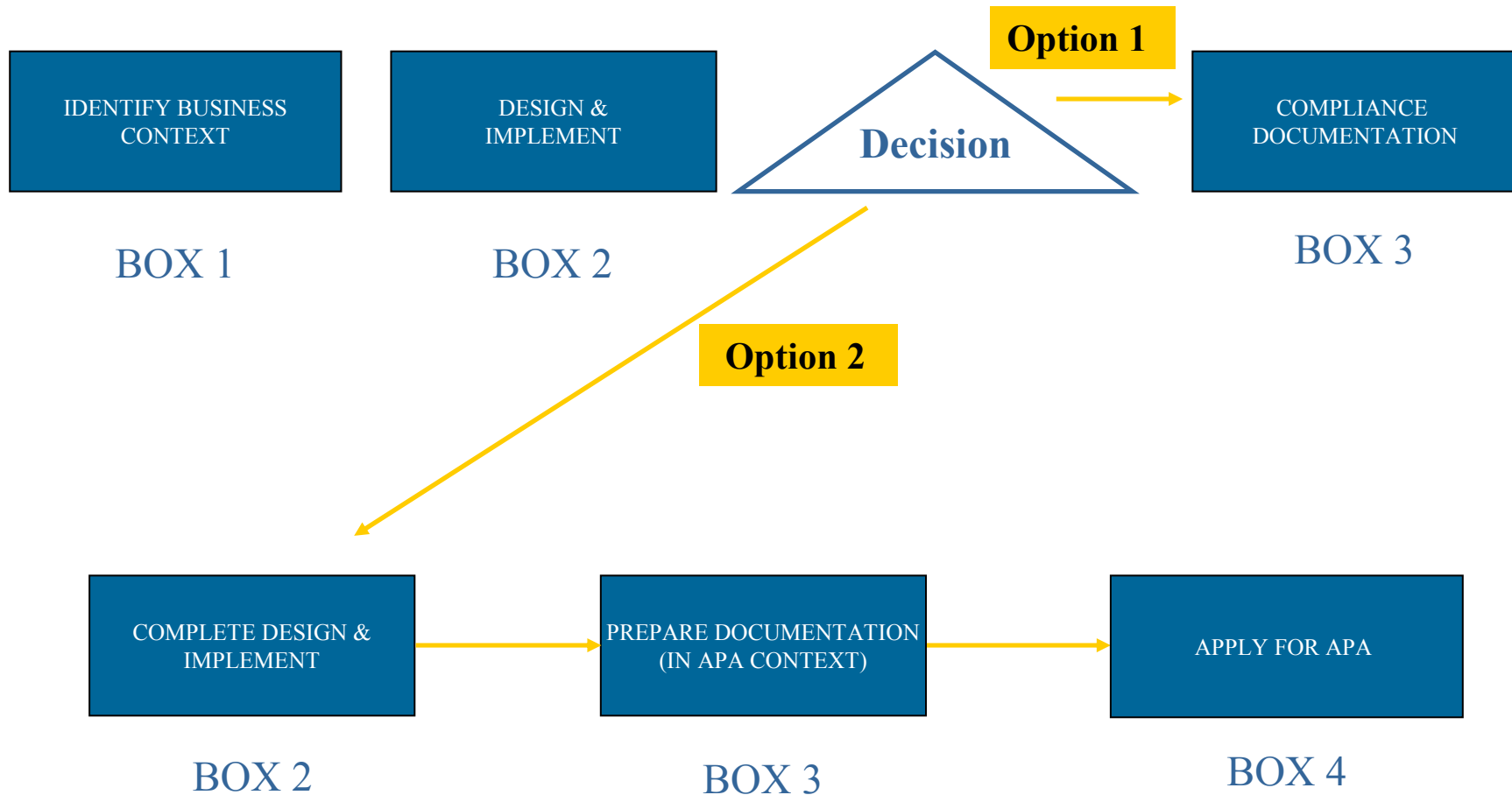
BOX 4

Our Transfer Pricing Process

Phase One



Risk Assessment & Compliance Strategy



Phase Two

Documentation Strategy

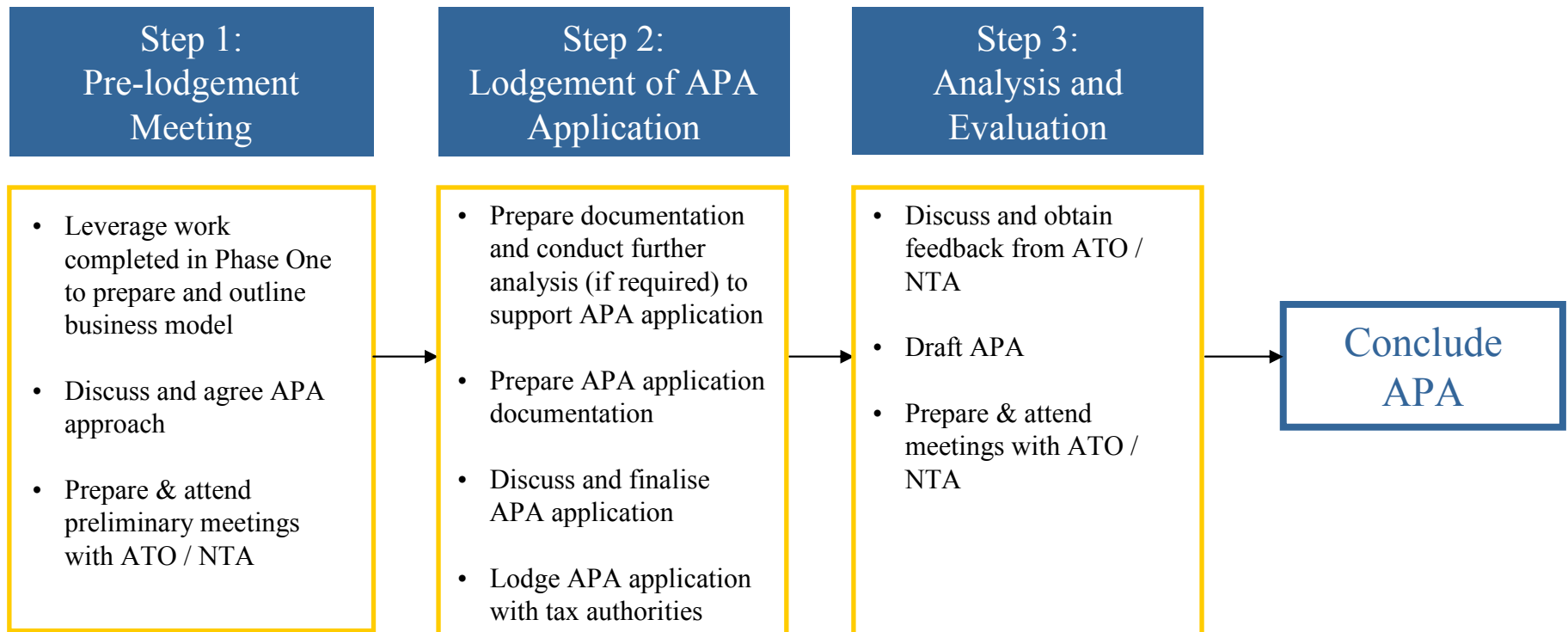
If Australia is to adopt a documentation compliance strategy (Option One), we will:

- Prepare Australian transfer pricing documentation in accordance with the ATO's mandated 4-step process.
- Ensure that your transfer pricing policies and operating procedures are appropriately documented and that the information necessary to support your transfer pricing position is readily available.
- Work with you to ensure that all of the relevant inter-company legal agreements are in place and are consistent with your transfer pricing practices.



Phase Two APA Strategy

If Australia is to seek an APA (either unilateral or bilateral), the following process will be adopted:



Our Costs

- Our fees will be based on our hourly charge-out rates and will depend on the services you request from us
- Where appropriate, we will provide you with fee estimates in advance.

What This Means For You

With our project team you will:

- Maintain your working relationship with Junichi Horie, who will be responsible for the project oversight and information management flow;
- Get highly experienced senior transfer pricing personnel actually working on the project team and undertaking your analyses;
- Get direct access to those senior transfer pricing personnel throughout the project;
- High quality transfer pricing analyses, documentation and risk management strategies at extremely cost-effective prices;
- Get a level of service that reflects your importance to us as a client and the value that we place on our relationship with you; and
- Be able to receive all of the analysis and advice undertaken by our transfer pricing team under “legal professional privilege”.



Transfer Pricing Issues

As companies increasingly partake in international business transactions, the number of requests for Advanced Pricing Arrangements (APAs) continues to grow.

This is why it is crucial that companies seeking to be competitive on the global market be well informed about APAs.



According to the National Tax Agency Report 2011 for Japan:

- The transfer pricing system, which was introduced in the FY1986 tax reform, is crucial to prevent the transfer of income overseas by manipulating transaction prices with a foreign affiliated company.
- The way the system works is illustrated by the following example:

If a Japanese company conducts a transaction with a foreign affiliated company, and that transaction price differs from the transaction price between third parties, resulting in a lower taxable income for the Japanese company, that transaction is deemed to have been done at the “arm’s length price” and resulting income is recalculated under this system.

Transfer Pricing Issues

a. Clarification of administering the system and strengthening the structure of the review system

- The National Tax Agency (NTA) has a key role in the transfer pricing system, as it determines that prices of transactions with foreign affiliated companies.
- In 2010, the NTA revised its guidelines for operation and interpretation of legislation.
- Such guidelines are important as they clarify the factors which are to be considered in examining the process of determining the prices of transactions with foreign affiliated companies as well as items to be taken into account when, for example, studying documentation considered necessary in calculating the arm's length price for a particular transaction.

b. Advance Pricing Arrangement (APA)

- When a Japanese company makes a request, through an APA on the taxation of a transfer pricing transaction, the NTA gives a confirmation, in advance, of the method for calculating the arm's length price in transactions with a foreign affiliated company.
- The number of requests for APAs are continually increasing, as a result of the growing number of international transactions that companies are conducting. As a result, and also due to the predictability and legal certainty that APAs afford, it is crucial for any company intending to maintain a competitive stake in the global market, to be well-informed about the operation of such arrangements.

Appendix: Our Resumes & Experience

Examples of our prior APA projects

Our experiences include the application and successful conclusion of unilateral and bilateral APAs in Australia and AsiaPacific region for companies operating in range of industries, including:

- Consumer electronics goods;
- Software;
- Chemical;
- Packaging;
- Automotive;
- Pharmaceutical; and
- Financial services industries.



Examples of Prior APA Projects

These APAs have included:

- unilateral and bilateral APA applications and lodgement resulting from transfer pricing audit;
- APA applications post transfer pricing risk review (TPRR) process;
- unilateral and bilateral APAs resulting from change in business model or business restructuring activities;
- unilateral and bilateral APA applications resulting from introduction of new international related party transactions;
- unilateral and bilateral APA applications for wholesale and retail distributor, commissionaire model, trading companies, service companies etc; and
- re-negotiation of APA resulting from breach of critical assumptions.



Junichi Horie
Principal Lawyer and Accountant

P: +61 (0)2 9221 7555

F: +61 (0)2 9221 7230

E: legal.one@advantagepartnership.net

**Advantage
Partnership
Lawyers**

**AUSTRALIA, NEW
ZEALAND &
JAPAN**

Professional Background

- Junichi Horie is the founder and principal of Advantage Partnership Lawyers.
- Junichi holds a Master of Commerce (Professional Accounting) and is a Fellow of the Institute of Public Accountants (IPA).
- He also holds a degree in law, having been admitted as a Barrister and Solicitor of the Supreme Court of New South Wales and is a Solicitor Member of the Law Society of New South Wales.
- Junichi is a Foreign Special Member of Japan Federation of Bar Associations.
- He has been admitted as a Barrister and Solicitor in the High Court of Auckland.

Proven Track Record

- Junichi has over 25 experience working with Japanese corporate clients and has fostered close business relationships with internationally renowned Japanese companies.
- Advised multinational companies, in Australia, New Zealand and Japan, on their transfer pricing planning, documentation and dispute resolution projects.

Capabilities

- Junichi has an excellent understanding of the Australian, New Zealand and Japanese business cultures, enabling him to provide quality legal and accounting services in a way that is tailored to the specific professional needs of his clients.
- Providing strategic advice to clients in relation to transfer pricing risk management and compliance strategies (including the preparation and ongoing management of appropriate transfer pricing and associated documentation).
- He has been involved in advising clients with dealings in a wide range of industries.
- Developing tax efficient structures and implementing innovative solutions using transfer pricing methodologies and principles in order to assist his clients in managing their tax positions.
- Sound professional working relationships with tax authorities in Australia, New Zealand and Japan.
- Developing and implementing transfer pricing solutions that are both practical from a commercial or business perspective, and appropriate to the client's particular circumstances.



Maja Mihajlovska **Lawyer**

P: +61 (0)2 9221 7555

F: +61 (0)2 9221 7230

E: legal.one@advantagepartnership.net

Advantage Partnership Lawyers

**AUSTRALIA, NEW
ZEALAND &
JAPAN**

Professional Background

- Maja Mihajlovska is a lawyer at Advantage Partnership Lawyers.
- She holds a Bachelor of Laws from the University of Sydney.
- Maja completed a Graduate Diploma of Legal Practice at the College of Law, St Leonards, Sydney.
- She has been admitted as a Barrister and Solicitor of the Supreme Court of New South Wales and is a Solicitor Member of the Law Society of New South Wales.
- Maja holds a current New South Wales Legal Practising Certificate.
- She also holds a Bachelor of Arts (German) from the University of Sydney.

Proven Track Record

- She has experience in working for Japanese corporate clients, including internationally renowned Japanese companies that are involved in a range of industries.
- Maja has provided strategic advice in Taxation Law matters involving Japanese nationals.

Capabilities

- Maja's key areas of practice are advising in Taxation Law matters, Immigration Law, Industrial Relations Law and Aviation Law.
- Maja has worked with Japanese companies, advising them in Industrial disputes and preparing legal documents such as Contracts for Employment, Settlement Agreements as well as Secondment Contracts in such matters.
- She has also advised on Taxation Law issues arising with respect to the payment of settlement monies in relation to Industrial Relations disputes.
- She is heavily involved in Immigration matters, specifically business visas for Japanese corporate clients.
- Maja has prepared numerous business visas including: Temporary Business, Occupational Trainee, Employee Nomination Scheme and Skilled – Independent (Residence).
- She is fluent in spoken and written German and French (having studied both languages as part of her Bachelor of Arts degree, as well as having spent time on exchange in both countries).
- She is also fluent in both spoken and written Macedonian.