

# Hyperion Focus 17

## Transfer Pricing based on HFM and TPH (Transfer Pricing for Hyperion)

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AMOSCA



# Agenda

- Transfer Pricing
  - » Background and context
- Introducing TPH (Transfer Pricing for Hyperion)
  - » An overview
  - » Demo
  - » Features and benefits



# Transfer Pricing Background and Context

# Transfer Pricing

In taxation and accounting, transfer pricing refers to the rules and methods for pricing transactions between enterprises under common ownership or control.



# Fundamental Concepts

- The cornerstone of transfer pricing is the **“arm’s length principle”**
- The amount of profit on transactions between connected parties should for tax purposes be the amount of profit that would have arisen if the same transactions had been executed by unconnected parties
- This principle is enshrined in OECD guidelines and followed by the tax authorities of most OECD members
- Many countries require MNE’s (Multi National Enterprises) to maintain documentation to demonstrate inter-company transactions are at “arm’s length”
  - » Typically requires extensive analysis and benchmarking of comparables
- Advance Pricing Agreements can be negotiated with some tax authorities



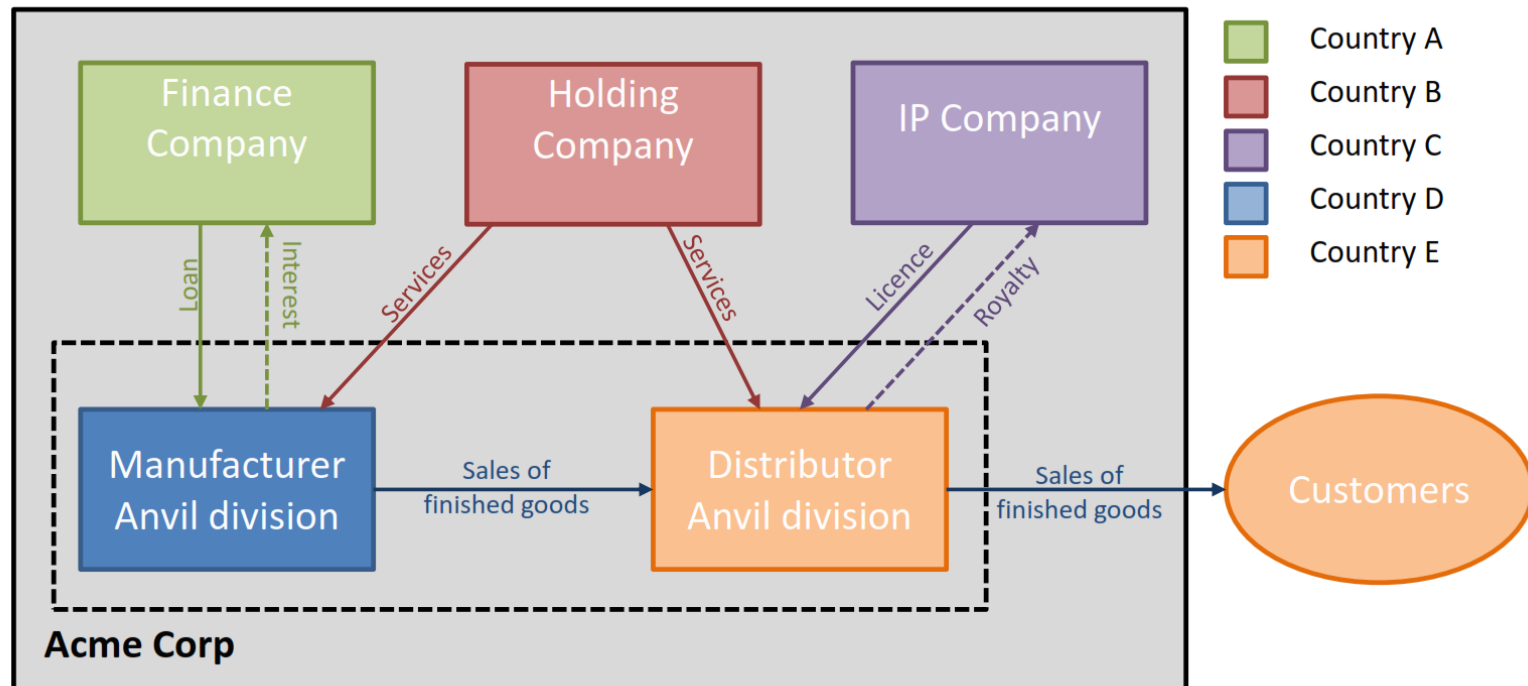
# How to determine “arm’s length pricing

Five methods for determining arms length pricing are recognised in the OECD guidelines and US transfer pricing regulations:

- Comparable uncontrolled price - “CUP”
  - » Price of comparable transaction between independent parties
- Resale price method - “resale minus”
  - » Purchase price of goods for sales and distribution entities
- Cost plus
  - » Sale price of goods for manufacturers, pricing of intra-group services
- Transactional Net Margin –“TNMM”
  - » Compare with the return earned by comparable independent enterprise
- Comparable profits – “CPM”
  - » As TNMM
- Profit split –“PSM”
  - » Not a recognised method but often asserted or resorted to in disputes

# Why transfer pricing is important

- Much international trade takes place within MNE's
  - Estimates vary widely from 30% to 60% or even 70% of international trade
- NGO's allege \$00's bn lost tax revenues due to mispricing or transfer price manipulation by MNE's





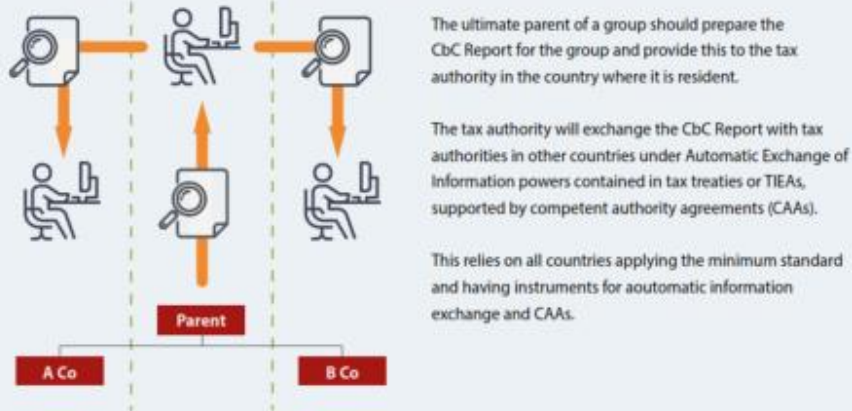
# BEPS

## (Base Erosion & Profit Shifting)

- The **Inclusive Framework on BEPS** brings together over 100 countries and jurisdictions to collaborate on the implementation of the OECD/ G20 Base Erosion and Profit Shifting (BEPS) Package.
- **BEPS** refers to tax planning strategies that exploit **gaps and mismatches in tax rules** to artificially shift profits to low or no-tax locations where there is little or no economic activity. Although some of the schemes used are illegal, most are not. This undermines the fairness and integrity of tax systems because businesses that operate across borders can use BEPS to gain a competitive advantage over enterprises that operate at a domestic level.

# BEPS Action 13 – CbC Reporting

Figure 3. Action 13: Country-by-Country reporting filing and exchange of CbC reports



## Action 13 - Guidance on Transfer Pricing Documentation and Country-by-Country Reporting

This action contains a three-tiered standardised approach to transfer pricing documentation, including a minimum standard on Country-by-Country Reporting. First, the guidance on transfer pricing documentation requires multinational enterprises (MNEs) to provide tax administrations with high-level information regarding their global business operations and transfer pricing policies in a "master file" that is to be available to all relevant tax administrations. Second, it requires that detailed transactional transfer pricing documentation be provided in a "local file" specific to each country, identifying material related-party transactions, the amounts involved in those transactions, and the company's analysis of the transfer pricing determinations they have made. Third, large MNEs are required to file a Country-by-Country Report that will provide annually and for each tax jurisdiction in which they do business the amount of revenue, profit before income tax and income tax paid and accrued and other indicators of economic activities.

# In the last month alone...

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f t b e Share



The UK arm of eBay paid only £1.6m in corporation tax last year, even though its US parent had total revenues from its UK operations of \$1.32bn (£1bn).



Chessnot - Getty Images

*"Europe must learn to defend its economic interest much more firmly."*

By **Bloomberg** August 7, 2017

France is working with Germany and other partners to plug loopholes that have allowed U.S. tech giants like [Alphabet Inc.](#)'s Google, [Apple Inc.](#), [Facebook Inc.](#), and [Amazon.com Inc.](#) to minimize taxes and grab market share in Europe at the expense of the continent's own companies.



GETTY IMAGES

The Commission said until the taxes were recovered Apple was still "continuing to benefit from an illegal advantage"



The European commission has demanded Amazon pay €250m in back taxes. Photograph: Reed Saxon/AP

Amazon has been ordered to repay €250m (£222m) in illegal state aid to Luxembourg, as EU authorities continue their campaign against sweetheart deals that help the biggest corporations slash their tax bills.



# Introducing Transfer Pricing for Hyperion



# HFM and TPH

- HFM – the world’s best aggregation and reporting engine
  - » Financial logic
  - » Development capabilities practically unlimited
  - » Range of reporting options and capabilities
  - » Integration utilities
  - » Availability of skills



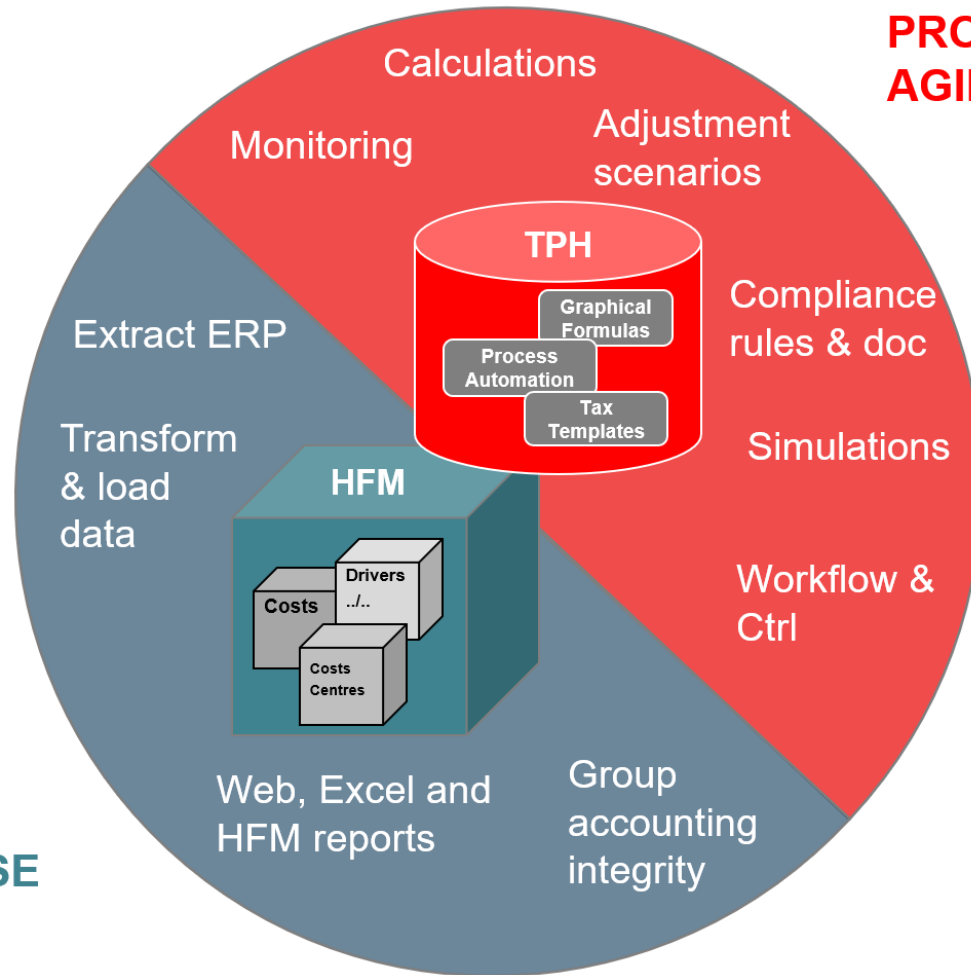
# HFM and TPH

- TPH = Transfer Pricing for HFM
  - » Graphical tax calculator
  - » Transfer pricing rules editor
  - » Process automation
  - » Audit trail
  - » HFM transfer pricing application
- Developed by PebbleAge, Swiss specialists in corporate tax and finance software solutions
  - » Operational Transfer Pricing
  - » Financial Agility
  - » Hyperion Financial Management
  - » Strategic Planning

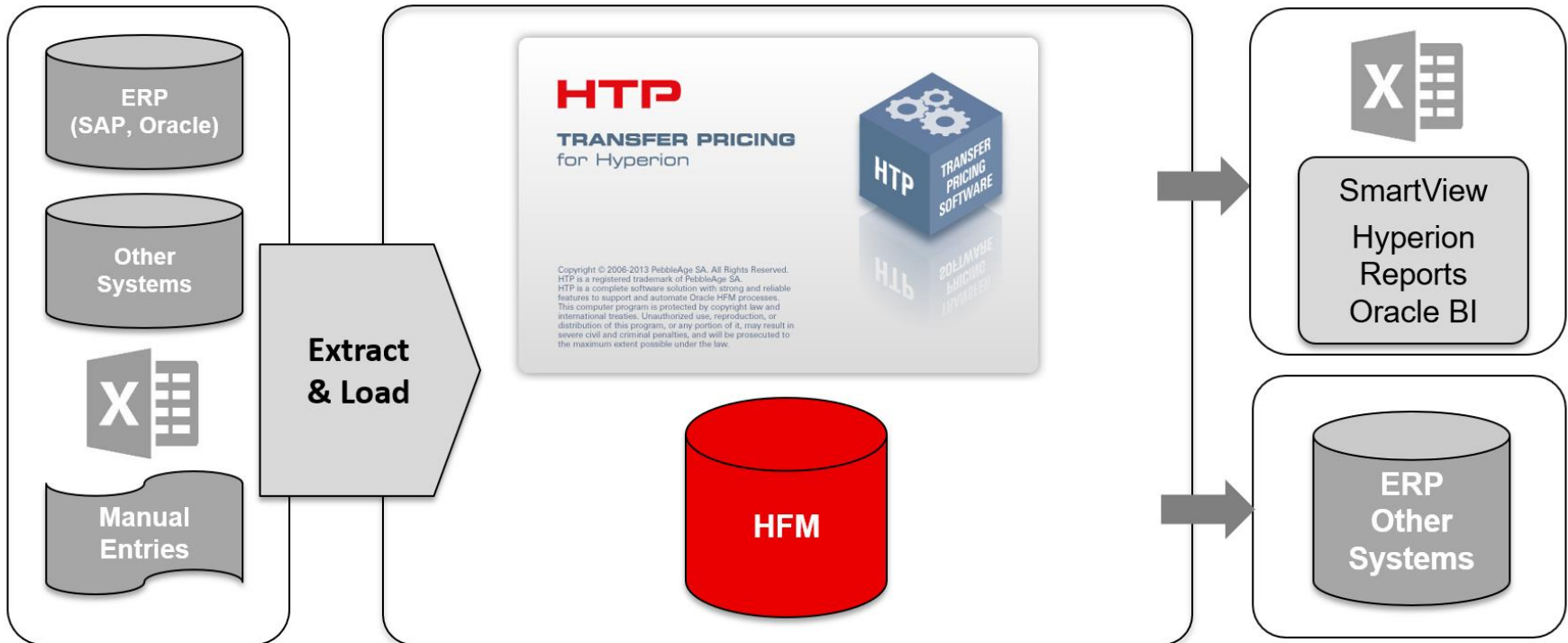


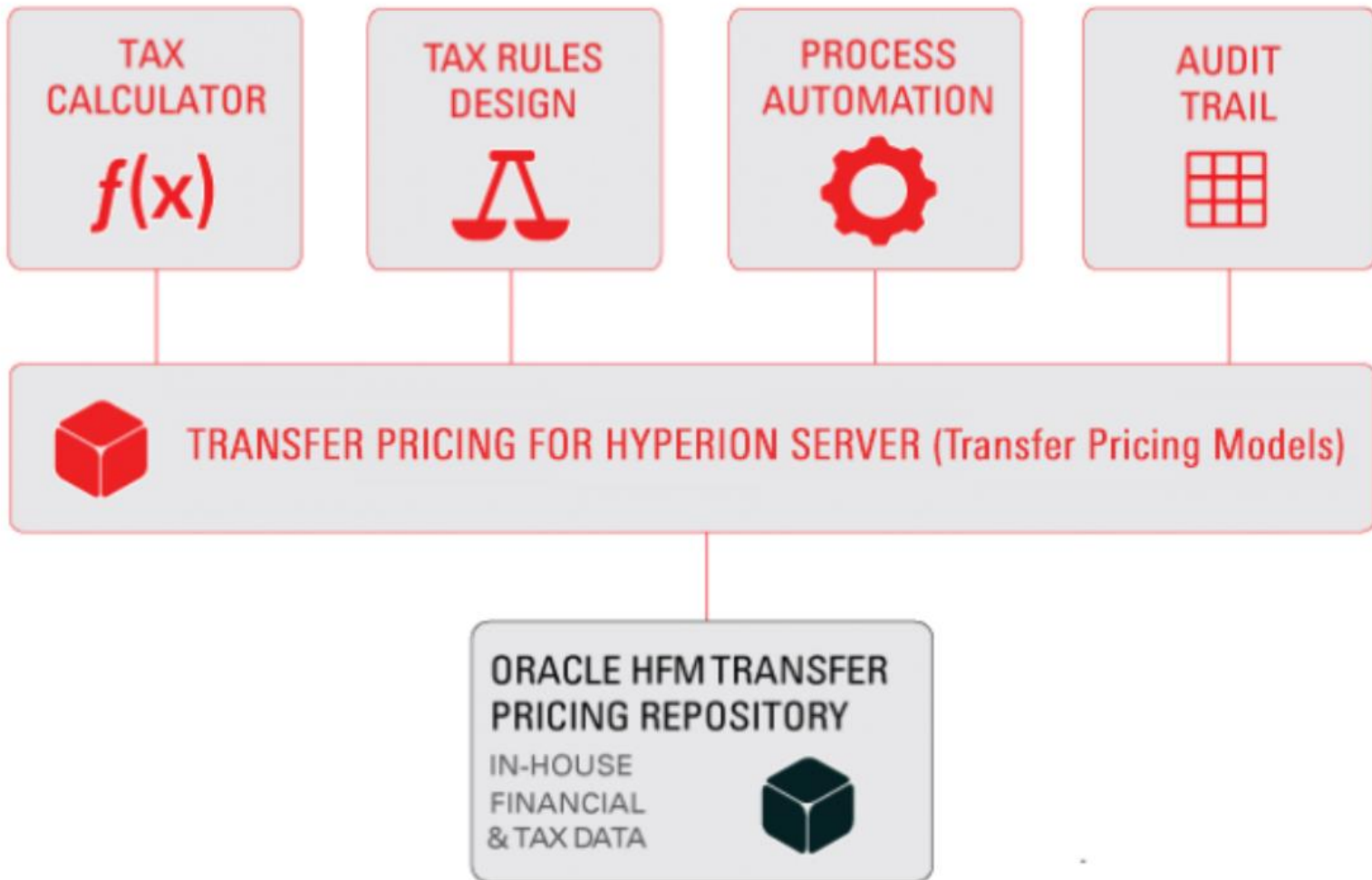
# HFM & TPH

**DATA  
WAREHOUSE  
INTEGRITY**



# System landscape of TPH





# Tax calculations



Hyperion Transfer Pricing 150%

## Transfer Pricing for Hyperion

POWERED BY **Pebble Age**  
User admin, AGILITY on HFM11113X64

File View Configuration Tools Help

Application Open Close New Save Duplicate Delete all reports Execute Cancel Close Add Context Delete Context Delete Operation

Toolbox Application

- HFM Operations
  - Get Cells from HFM
  - Var and Const
  - Set Cells to HFM
  - HFM Functions
  - Currency Translation
  - HFM Extract Data
  - HFM Load Data
- Formula Operations
  - Left Step
  - Right Step
  - Transform
  - Equals
  - Operator
  - Aggregate
  - Spread
  - Create a Left Parenthesis
  - Create a Right Parenthesis
  - For each members Open

Transfer Pricing Process Rules Editor **Formula Editor** Execution Reporting and Rollback HFM Metadata

### Contexts

1 - Switzerland IT costs Recharge To Poland at Cost plus X% - Jan 2009

STEP 1 Calculate IT cost to recharge

Cost To Reassign = Get from HFM Switzerland Operating IT Costs

Cost Plus X% (Parameter) Proportion Recharge X% (Parameter)

STEP 2 Recharge Switzerland Revenues and book Transfer Price transaction

Write to HFM Switzerland Revenue = Cost To Reassign

STEP 3 Recharge Poland COS and book Transfer Price transaction

Write to HFM Poland COS = Cost To Reassign

Output Executing

Clear Save

17:39:02: Connecting to HFM.

Metadata Search Properties Context Editor

Name: Get from HFM Switzerland

Description:

Report: Add New report

Connections: Change Connection: Agility on HFM11113X64

Context: Switzerland IT Cost POV

Currency Translation Option: Auto

FormulaParameters: Add/Remove

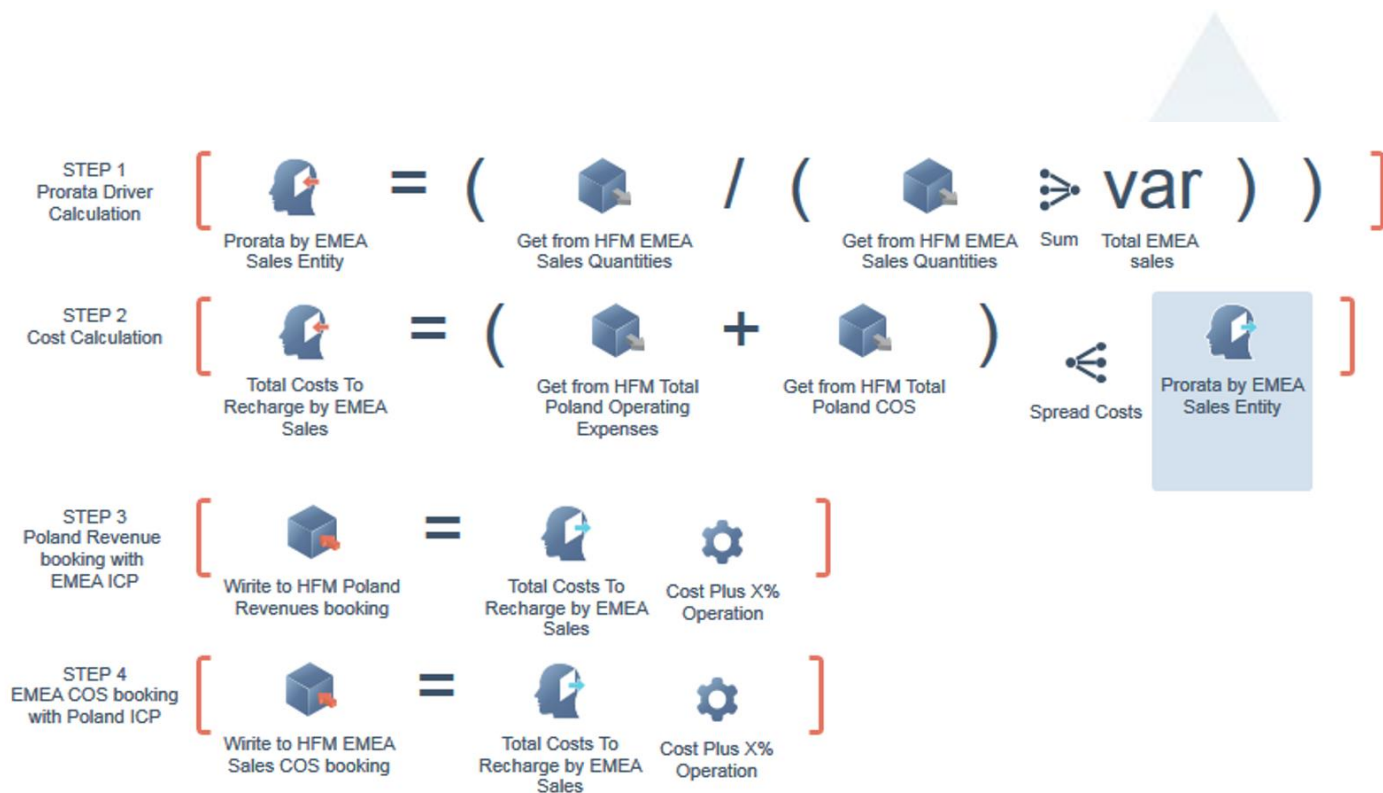
Selection: Operating IT Costs

Sparse Cube Option: GetAll



# Additional functionality added to HFM

Drag & drop graphical HFM formula editor



## Simplify HFM business logic design & maintenance



# Rules repository

Name: Hyperion Transfer Pricing RuleSet  
Description: Hyperion Transfer Pricing Sample Demo

- Hyperion Transfer Pricing RuleSet
  - HTP Cost Plus demo Sample
    - Transfer Pricing Cost Plus Rules
      - Switzerland IT recharge to Poland Production at Cost +10%
        - 1 - Switzerland IT Cost Recharge to Poland Production
      - Poland Production Cost Plus recharge at 5% to EMEA Sales Entities based on user defined driver
        - 2 - Poland Production Recharge to EMEA Sales Entities at Cost Plus

**Name**  
Switzerland IT recharge to Poland Production at Cost +10%

**Description**  
This Transfer Pricing rule is about IT Cost Recharge ...

**Rule Type**  
[Dropdown menu]

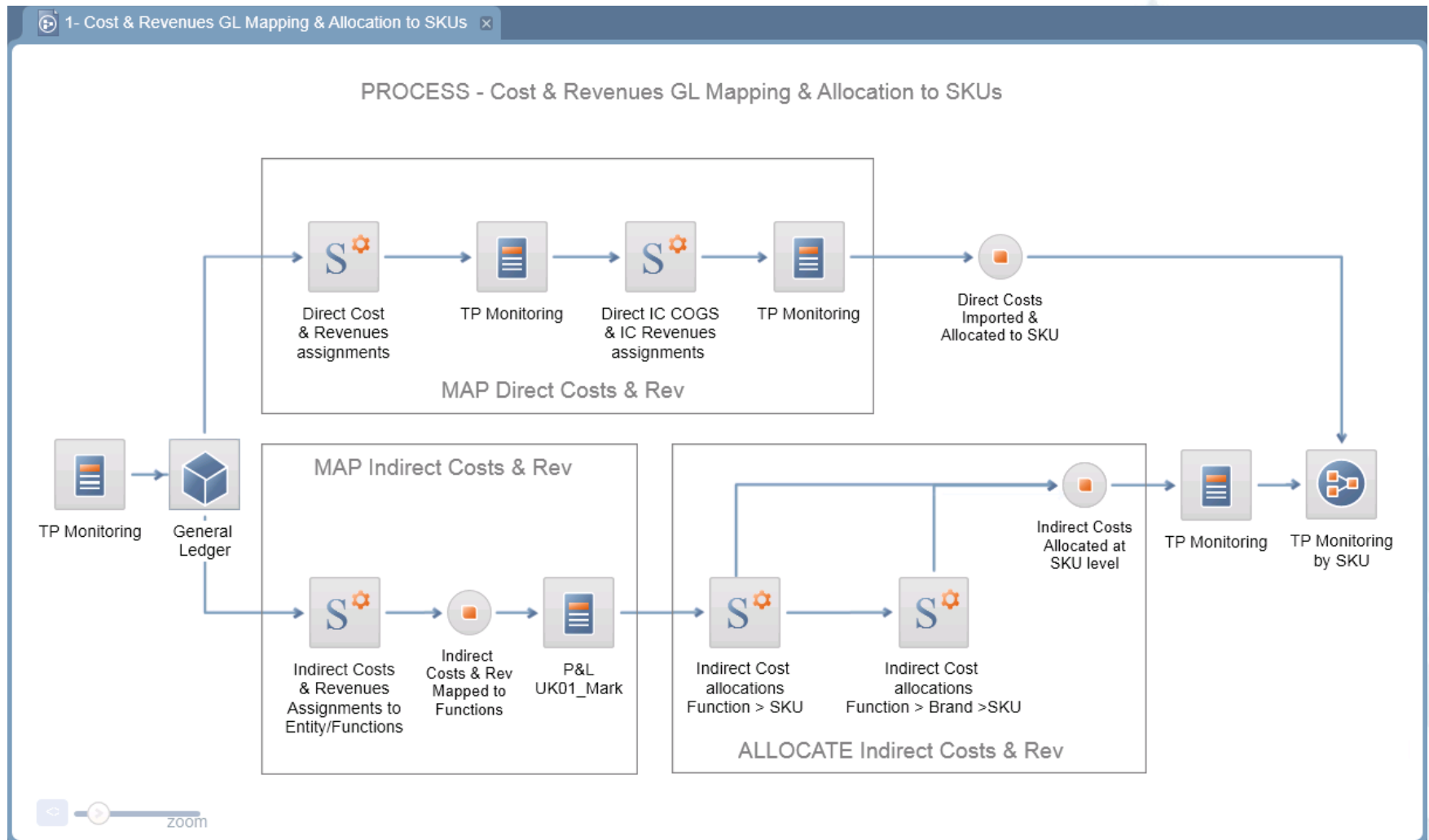
**BusinessReason**  
Master Plan has defined that Cost + 10% is arm's length

**Related Data**

**Global Parameters**  
CostPlus%=10;



# Process Design





# Process automation and co-ordination





# Reports

## SKU analysis

**TPH** TRANSFER PRICING Software

Refresh

### Transfer Pricing Analysis

EXCLUDE ADJ	IC Transactions per SKU				Third Part Sales			COGS				Gross Margin	
	Period/Year: Dec 2016				Sales	Sales Quantity	Sales Price by Unit	Total COGS	IC COGS	Other Product Cost	IC COGS per Unit (TP)	Gross Margin	Gross Margin TP's %
	Currency: USD	Entity (Buyer)	Purchased Product	Purchased from (Supplier)									
	<b>Total</b>				<b>229'164'827</b>	<b>2'606'936</b>	<b>-</b>	<b>229'164'827</b>	<b>140'200'559</b>	<b>4'394'461</b>	<b>-</b>	<b>84'569'807</b>	<b>36.90%</b>
	UK01_Marketing	P073 - Synagis - Filmtabs - 50mg	CA01_Production	UK01_RD	1'008'517	1'692	596.1	1'008'517	714'075	10'085	422.0	284'357	<b>28.20%</b>
	UK01_Marketing	P079 - Tenormin - Tablets - 100mg	CA01_Production	UK01_RD	939'703	3'235	290.5	939'703	559'558	9'397	173.0	370'748	<b>39.45%</b>
	UK01_Marketing	P080 - Tenormin - Tablets - 200mg	CA01_Production	UK01_RD	928'147	4'569	203.1	928'147	597'945	18'563	130.9	311'639	<b>33.58%</b>
	UK01_Marketing	P081 - Tenormin - Tablets - 300mg	CA01_Production	UK01_RD	916'520	34'955	26.2	916'520	582'700	27'496	16.7	306'325	<b>33.42%</b>
X	UK01_Marketing	P096 - Truvada - Blister - 245mg/30p	CA01_Production	UK01_RD	744'811	3'817	195.1	744'811	387'616	22'344	101.6	334'851	<b>44.96%</b>
	UK01_Marketing	P103 - Ventolin HFA - Spray - 0.05% 20ml	CA01_Production	UK01_RD	664'647	17'003	39.1	664'647	417'764	6'646	24.6	240'237	<b>36.15%</b>
	UK01_Marketing	P102 - Ventolin HFA - Spray - 0.05% monodo	CA01_Production	UK01_RD	676'002	1'228	550.5	676'002	339'358	20'280	276.4	316'364	<b>46.80%</b>
X	UK01_Marketing	P100 - Ventolin HFA - Spray - 100mcg	CA01_Production	UK01_RD	698'966	4'569	153.0	698'966	450'366	6'990	98.6	241'610	<b>34.57%</b>
	UK01_Marketing	P101 - Ventolin HFA - Spray - 200mcg	CA01_Production	UK01_RD	687'446	15'263	45.0	687'446	436'522	13'749	28.6	237'175	<b>34.50%</b>
	UK01_Marketing	P125 - Victoza - Blister - 6ml/3.6ml inj	CA01_Production	UK01_RD	412'449	6'661	61.9	412'449	261'777	8'249	39.3	142'423	<b>34.53%</b>
	UK01_Marketing	P131 - Vyvanse - Tablets - 30/50/70mg	CA01_Production	UK01_RD	343'729	1'228	279.9	343'729	215'674	6'875	175.6	121'181	<b>35.25%</b>
	UK01_Marketing	P119 - Xolair - Powder 50 dose	CA01_Production	UK01_RD	481'125	1'412	340.7	481'125	302'846	9'622	214.5	168'657	<b>35.05%</b>
X	UK01_Marketing	P004 - Aranesp - 100 Tablets	DE02_Production	CH04_RD	16'499'906	232'688	70.9	16'499'906	10'035'833	164'999	43.1	6'299'074	<b>38.18%</b>
	UK01_Marketing	P007 - Arimidex - Blister - mg	DE02_Production	CH04_RD	2'750'087	41'871	65.7	2'750'087	1'745'183	27'501	41.7	977'403	<b>35.54%</b>
	UK01_Marketing	P008 - Atacand Plus Tablets 16mg/12.5mg 1	DE02_Production	CH04_RD	1'752'994	34'651	50.6	1'752'994	881'521	35'060	25.4	836'413	<b>47.71%</b>
	UK01_Marketing	P009 - Atacand Tablets 16mg 2 x 15 Blister	DE02_Production	CH04_RD	1'741'680	32'924	52.9	1'741'680	1'234'650	52'250	37.5	454'779	<b>26.11%</b>
	UK01_Marketing	P010 - Atacand Tablets 8mg 2 x 15 Blister	DE02_Production	CH04_RD	1'730'185	31'057	55.7	1'730'185	979'538	17'307	31.5	733'346	<b>42.39%</b>
	UK01_Marketing	P011 - Bricanyl Turbuhaler Inhalation Powder	DE02_Production	CH04_RD	1'718'819	16'652	103.2	1'718'819	993'458	34'376	59.7	690'985	<b>40.20%</b>
	UK01_Marketing	P015 - Crestor - Tablets - 10mg 30p	DE02_Production	CH04_RD	1'672'893	12'825	130.4	1'672'893	996'503	50'187	77.7	626'204	<b>37.43%</b>
	UK01_Marketing	P016 - Crestor - Tablets - 15mg 30p	DE02_Production	CH04_RD	1'661'265	42'750	38.9	1'661'265	1'072'170	16'613	25.1	572'482	<b>34.46%</b>
	UK01_Marketing	P014 - Crestor - Tablets - 5mg 30p	DE02_Production	CH04_RD	1'684'179	51'300	32.8	1'684'179	1'026'000	33'684	20.0	624'495	<b>37.08%</b>



# Reports

## SKU analysis

**TPH** TRANSFER PRICING Software

Refresh

### Transfer Pricing Analysis

EXCLUDE ADJ	Period/Year: Dec 2016 Currency: <Entity Currency>		IC Transactions per SKU				Gross Margin		Operating Costs		PLI = ROS		TP Adjustments by SKU				
	Entity (Buyer)	Purchased Product	Purchased from (Supplier)	IP Owner	Gross Margin	Gross Margin TP's %	Allocated Product Costs	Operating Margin	Operating ROS % BEFORE Adjustment	Target PLI - TP	TP Adjustment Calculated	TP Adjustment Delta	Total TP Adjustment	Operating ROS % AFTER Adjustment	TP Adjustment per Unit Sold		
	Total				84'569'807	36.90%	27'728'944	84'569'807	36.90%	5.00%	-66'976'431	-2'590'000	-69'566'431	6.55%	-		
	UK01_Marketing	P133 - Stelara - 20 Tablets - 45mg	CA01_Production	UK01_RD	126'249	39.34%	43'179	126'249	39.34%	5.00%	-110'205		-110'205	5.00%	-12.1		
	UK01_Marketing	P134 - Stelara - 20 Tablets - 90mg	CA01_Production	UK01_RD	103'587	33.49%	39'830	103'587	33.49%	5.00%	-88'120		-88'120	5.00%	-13.2		
	UK01_Marketing	P097 - Stribild - 20 Tablets - 100mg	CA01_Production	UK01_RD	265'864	36.26%	83'901	265'864	36.26%	5.00%	-229'200		-229'200	5.00%	-100.1		
	UK01_Marketing	P076 - Symbicord - Filmtabs - 100mg	CA01_Production	UK01_RD	457'385	46.96%	112'898	457'385	46.96%	5.00%	-408'688		-408'688	5.00%	-107.1		
	UK01_Marketing	P077 - Symbicord - Filmtabs - 200mg	CA01_Production	UK01_RD	339'366	35.26%	109'474	339'366	35.26%	5.00%	-291'245	150'000	-141'245	20.59%	-61.7		
	UK01_Marketing	P075 - Symbicord - Filmtabs - 25mg	CA01_Production	UK01_RD	386'648	39.24%	111'450	386'648	39.24%	5.00%	-337'381	125'000	-212'381	17.69%	-185.5		
	UK01_Marketing	P078 - Symbicord - Filmtabs - 300mg	CA01_Production	UK01_RD	344'635	36.24%	108'784	344'635	36.24%	5.00%	-297'084	185'000	-112'084	24.45%	-38.2		
	UK01_Marketing	P072 - Symbicord - Filmtabs - 100/200/400	CA01_Production	UK01_RD	477'134	46.80%	116'121	477'134	46.80%	5.00%	-426'160	200'000	-226'160	24.62%	-160.1		
X	UK01_Marketing	P074 - Synagis - Filmtabs - 100mg	CA01_Production	UK01_RD	413'286	41.46%	115'633	413'286	41.46%	5.00%	0		0	41.46%	0.0		
	UK01_Marketing	P073 - Synagis - Filmtabs - 50mg	CA01_Production	UK01_RD	284'357	28.20%	113'579	284'357	28.20%	5.00%	-233'931		-233'931	5.00%	-138.3		
	UK01_Marketing	P079 - Tenormin - Tablets - 100mg	CA01_Production	UK01_RD	370'748	39.45%	108'001	370'748	39.45%	5.00%	-323'763		-323'763	5.00%	-100.1		
	UK01_Marketing	P080 - Tenormin - Tablets - 200mg	CA01_Production	UK01_RD	311'639	33.58%	107'316	311'639	33.58%	5.00%	-265'231		-265'231	5.00%	-58.1		
	UK01_Marketing	P081 - Tenormin - Tablets - 300mg	CA01_Production	UK01_RD	306'325	33.42%	130'046	306'325	33.42%	5.00%	-260'499		-260'499	5.00%	-7.5		
X	UK01_Marketing	P096 - Truvada - Blister - 245mg/30p	CA01_Production	UK01_RD	334'851	44.96%	86'926	334'851	44.96%	5.00%	0		0	44.96%	0.0		
	UK01_Marketing	P103 - Ventolin HFA - Spray - 0.05% 20ml	CA01_Production	UK01_RD	240'237	36.15%	87'851	240'237	36.15%	5.00%	-207'005		-207'005	5.00%	-12.2		
	UK01_Marketing	P102 - Ventolin HFA - Spray - 0.05% monodos	CA01_Production	UK01_RD	316'364	46.80%	77'228	316'364	46.80%	5.00%	-282'564		-282'564	5.00%	-230.1		
	UK01_Marketing	P100 - Ventolin HFA - Spray - 100mcg	CA01_Production	UK01_RD	241'610	34.57%	81'766	241'610	34.57%	5.00%	-206'661		-206'661	5.00%	-45.2		
	UK01_Marketing	P101 - Ventolin HFA - Spray - 200mcg	CA01_Production	UK01_RD	237'175	34.50%	88'935	237'175	34.50%	5.00%	-202'803		-202'803	5.00%	-13.3		
	UK01_Marketing	P125 - Victoza - Blister - 6ml/3.6ml inj	CA01_Production	UK01_RD	142'423	34.53%	51'385	142'423	34.53%	5.00%	-121'800		-121'800	5.00%	-18.3		
	UK01_Marketing	P131 - Vyvanse - Tablets - 30/50/70mg	CA01_Production	UK01_RD	121'181	35.25%	39'423	121'181	35.25%	5.00%	-103'995		-103'995	5.00%	-84.7		
	UK01_Marketing	P119 - Xclair - Powder 50 dose	CA01_Production	UK01_RD	168'657	35.05%	54'931	168'657	35.05%	5.00%	-144'600		-144'600	5.00%	-102.4		
X	UK01_Marketing	P004 - Aranesp - 100 Tablets	DE02_Production	CH04_RD	6'299'074	38.18%	2'033'789	6'299'074	38.18%	5.00%	0	-3'250'000	-3'250'000	18.48%	-14.0		
	UK01_Marketing	P007 - Animidex - Blister - mg	DE02_Production	CH04_RD	977'403	35.54%	340'831	977'403	35.54%	5.00%	-839'899		-839'899	5.00%	-20.1		
	UK01_Marketing	P008 - Atacand Plus Tablets 16mg/12.5mg 1 x	DE02_Production	CH04_RD	836'413	47.71%	225'290	836'413	47.71%	5.00%	-748'763		-748'763	5.00%	-21.6		
	UK01_Marketing	P009 - Atacand Tablets 16mg 2 x 15 Blister	DE02_Production	CH04_RD	454'779	26.11%	219'588	454'779	26.11%	5.00%	-367'695		-367'695	5.00%	-11.2		
	UK01_Marketing	P010 - Atacand Tablets 8mg 2 x 15 Blister	DE02_Production	CH04_RD	733'346	42.39%	219'123	733'346	42.39%	5.00%	-646'837		-646'837	5.00%	-20.8		



# Reports

**TPH** TRANSFER PRICING Software

Refresh

Transfer Pricing Analysis																
Period/Year: Dec 2016		IC Transactions per SKU				Gross Margin		Operating Costs		PLI = ROS	TP Adjustments by SKU					
Currency: <Entity Currency>		Entity (Buyer)	Purchased Product	Purchased from (Supplier)	IP Owner	Gross Margin	Gross Margin TP's %	Allocated Product Costs	Operating Margin	Operating ROS % BEFORE Adjustment	Target PLI - TP	TP Adjustment Calculated	TP Adjustment Delta	Total TP Adjustment	Operating ROS % AFTER Adjustment	TP Adjustment per Unit Sold
<b>Total</b>						<b>84'569'807</b>	<b>36.90%</b>	<b>27'728'944</b>	<b>84'569'807</b>	<b>36.90%</b>	<b>5.00%</b>	<b>-73'111'566</b>	<b>0</b>	<b>-73'111'566</b>	<b>5.00%</b>	<b>-</b>
UK01_Marketing	P066 - Rhinocort Aqua Nasal Liquid 32mcg 1 x	CA01_Production	UK01_RD		392'747	36.08%	124'753	392'747	36.08%	5.00%	-338'323		-338'323	5.00%	-91.8	
UK01_Marketing	P099 - Seretide - Spray - 60d	CA01_Production	UK01_RD		266'050	37.45%	82'167	266'050	37.45%	5.00%	-230'525		-230'525	5.00%	-71.3	
UK01_Marketing	P129 - Spiriva - Spray - 2.5mg 60d	CA01_Production	UK01_RD		143'885	39.23%	42'165	143'885	39.23%	5.00%	-125'546		-125'546	5.00%	-97.8	
UK01_Marketing	P133 - Stelara - 20 Tablets - 45mg	CA01_Production	UK01_RD		126'249	39.34%	43'179	126'249	39.34%	5.00%	-110'205		-110'205	5.00%	-12.1	
UK01_Marketing	P134 - Stelara - 20 Tablets - 90mg	CA01_Production	UK01_RD		103'587	33.49%	39'830	103'587	33.49%	5.00%	-88'120		-88'120	5.00%	-13.2	
UK01_Marketing	P097 - Stribild - 20 Tablets - 100mg	CA01_Production	UK01_RD		265'864	36.26%	83'901	265'864	36.26%	5.00%	-229'200		-229'200	5.00%	-100.1	
UK01_Marketing	P076 - Symbicort - Filmtablets - 100mg	CA01_Production	UK01_RD		457'385	46.96%	112'898	457'385	46.96%	5.00%	-408'688		-408'688	5.00%	-107.1	
UK01_Marketing										5.00%				5.00%	-127.2	
UK01_Marketing															-294.7	
UK01_Marketing															-101.3	
UK01_Marketing															-301.6	
UK01_Marketing															-79.4	
UK01_Marketing	P073 - Synagis - Filmtablets - 50mg	CA01_Production	UK01_RD		284'357	28.20%	113'579	284'357	28.20%	5.00%	-233'931		-233'931	5.00%	-138.3	
UK01_Marketing	P079 - Tenormin - Tablets - 100mg	CA01_Production	UK01_RD		370'748	39.45%	108'001	370'748	39.45%	5.00%	-323'763		-323'763	5.00%	-100.1	
UK01_Marketing	P080 - Tenormin - Tablets - 200mg	CA01_Production	UK01_RD		311'639	33.58%	107'316	311'639	33.58%	5.00%	-265'231		-265'231	5.00%	-58.1	
UK01_Marketing	P081 - Tenormin - Tablets - 300mg	CA01_Production	UK01_RD		306'325	33.42%	130'046	306'325	33.42%	5.00%	-260'499		-260'499	5.00%	-7.5	
UK01_Marketing	P096 - Truvada - Blister - 245mg/30p	CA01_Production	UK01_RD		334'851	44.96%	86'926	334'851	44.96%	5.00%	-297'610		-297'610	5.00%	-78.0	
UK01_Marketing	P103 - Ventolin HFA - Spray - 0.05% 20ml	CA01_Production	UK01_RD		240'237	36.15%	87'851	240'237	36.15%	5.00%	-207'005		-207'005	5.00%	-12.2	
UK01_Marketing	P102 - Ventolin HFA - Spray - 0.05% monodos	CA01_Production	UK01_RD		316'364	46.80%	77'228	316'364	46.80%	5.00%	-282'564		-282'564	5.00%	-230.1	
UK01_Marketing	P100 - Ventolin HFA - Spray - 100mcg	CA01_Production	UK01_RD		241'610	34.57%	81'766	241'610	34.57%	5.00%	-206'661		-206'661	5.00%	-45.2	
UK01_Marketing	P101 - Ventolin HFA - Spray - 200mcg	CA01_Production	UK01_RD		237'175	34.50%	88'935	237'175	34.50%	5.00%	-202'803		-202'803	5.00%	-13.3	
UK01_Marketing	P125 - Victoza - Blister - 6ml/3.6ml inj	CA01_Production	UK01_RD		142'423	34.53%	51'385	142'423	34.53%	5.00%	-121'800		-121'800	5.00%	-18.3	
UK01_Marketing	P131 - Vyvanse - Tablets - 30/50/70mg	CA01_Production	UK01_RD		121'181	35.25%	39'423	121'181	35.25%	5.00%	-103'995		-103'995	5.00%	-84.7	
UK01_Marketing	P119 - Xolair - Powder 50 dose	CA01_Production	UK01_RD		168'657	35.05%	54'931	168'657	35.05%	5.00%	-144'600		-144'600	5.00%	-102.4	

**ie: working file – segmented P&L @ SKU level**

Refresh		TPHDemo - Country-by-Country Report										Country-by-Country Analytics & Comparables				
Fiscal Year: 2014																
TP_Calculation_V1 - After Profit Split adjustment																
Tax Jurisdictions	Constituent Entities resident in the Tax Jurisdiction	Revenues			Profit (Loss) Before Income Tax	Income Tax Paid (on cash basis)	Income Tax Accrued - Current Year	Stated capital	Accumulated earnings	Number of Employees	Tangible Assets (other than Cash and Cash Equivalents)	Jurisdiction Revenue by employee	Entity Revenue by employee	Jurisdiction ETR	ETR	Comparable Corporate Tax rate
		Unrelated Party	Related Party	Total												
BH - Bahrain	Total	4,127,904	442,210	4,570,113	(193,370)	-	-	1,350,000	(4,400,042)	30	859,450	152,337	152,337	0.00%	0.00%	0.00%
	Bahrain Sales	4,127,904	442,210	4,570,113	(193,370)	-	-	1,350,000	(4,400,042)	30	859,450	152,337	152,337	0.00%	0.00%	0.00%

## ie: reporting file – Country by Country reporting & Analysis

	Switzerland Cust Serv	-	4,608,859	4,608,859	(916,905)	-	-	20,000	(4,232,652)	24	279,502	93,650	93,650	0.00%	0.00%	0.00%
	Switzerland Sales	21,129,348	531,330	21,660,678	(13,888,747)	-	-	20,000	141,837,226	101	154,208	214,505	214,505	0.00%	0.00%	0.00%
DE - Germany	Total	25,205,767	2,434,569	27,640,336	(2,574,796)	-	-	853,000	41,527,581	130	139,860	212,618	212,618	0.00%	0.00%	30.18%
	Germany Sales	25,205,767	2,434,569	27,640,336	(2,574,796)	-	-	853,000	41,527,581	130	139,860	212,618	212,618	0.00%	0.00%	0.00%
DK - Denmark	Total	19,801,707	1,787,810	21,589,517	7,401,637	1,776,393	1,184,262	153,000	114,292,197	140	167,055	154,211	154,211	24.00%	24.00%	24.50%
	Denmark Sales	19,801,707	1,787,810	21,589,517	7,401,637	1,776,393	1,184,262	153,000	114,292,197	140	167,055	154,211	154,211	24.00%	24.00%	24.00%
ES - Spain	Total	9,550,473	1,473,902	11,024,375	59,631	8,945	5,963	250,000	(3,417,872)	52	124,320	212,007	212,007	15.00%	15.00%	30.00%
	Spain Sales	9,550,473	1,473,902	11,024,375	59,631	8,945	5,963	250,000	(3,417,872)	52	124,320	212,007	212,007	15.00%	15.00%	15.00%
FR - France	Total	10,662,242	1,317,562	11,979,805	224,935	47,236	31,491	725,000	3,314,386	66	186,480	181,512	181,512	21.00%	21.00%	38.00%
	France Sales	10,662,242	1,317,562	11,979,805	224,935	47,236	31,491	725,000	3,314,386	66	186,480	181,512	181,512	21.00%	21.00%	21.00%
IT - Italy	Total	27,340,138	12,848,725	40,188,864	3,964,512	823,860	549,240	28,000,000	63,473,127	182	137,073,960	220,818	220,818	20.78%	20.78%	31.29%
	Italy	27,340,138	12,848,725	40,188,864	3,964,512	823,860	549,240	28,000,000	63,473,127	182	137,073,960	220,818	220,818	20.78%	20.78%	20.78%



# Reports

## P&L Segmentation Analysis per IP Owner & per Supplier



Refresh

### P&L for UK Marketing: Analysis by IP Owner

Period/Year: Dec 2016	Entity (Buyer)	Split by Value to the IP Owners	
Currency: <Entity Currency>	UK01_Marketing	CH04_RD	UK01_RD
Sales	229'164'827	143'971'294	85'193'532
COGS	144'595'019	91'598'929	52'996'090
IC COGS	140'200'559	88'936'062	51'264'497
Other Product Cost	4'394'461	2'662'867	1'731'594
Gross Margin	84'569'807	52'372'365	32'197'442
Gross Margin %	36.90%	36.38%	37.79%
Allocated Product Costs	27'728'944	17'678'644	10'050'300
Operating margin	84'569'807	52'372'365	32'197'442
Operating ROS %	36.90%	36.38%	37.79%
Total TP Adjustment	-73'111'566	-45'173'801	-27'937'765
Operating ROS % AFTER Adjustment	5.00%	5.00%	5.00%

### P&L for UK Marketing: P&L Analysis by Supplier

Period/Year: Dec 2016	Entity (Buyer)	Split by Supplier		
Currency: <Entity Currency>	UK01_Marketing	CA01_Production	CH04_Production	DE02_Production
Sales	229'164'827	54'450'259	50'726'464	123'988'104
COGS	144'595'019	34'026'982	31'619'172	78'948'866
IC COGS	140'200'559	32'945'317	30'592'040	76'663'201
Other Product Cost	4'394'461	1'081'664	1'027'132	2'285'665
Gross Margin	84'569'807	20'423'277	19'107'292	45'039'238
Gross Margin %	36.90%	37.51%	37.67%	36.33%
Allocated Product Costs	27'728'944	6'483'569	5'879'648	15'365'727
Operating margin	84'569'807	20'423'277	19'107'292	45'039'238
Operating ROS %	36.90%	37.51%	37.67%	36.33%
TP Adjustment	-73'111'566	-17'700'764	-16'570'969	-38'839'833
Operating ROS % AFTER Adjustment	5.00%	5.00%	5.00%	5.00%



# Reports

## P&L Summary for All Legal Entities

**TPH** TRANSFER PRICING  
Software

Refresh

### Transfer Pricing P&L: Legal Entities & Functions

Year:	2016	Sales	COGS	Gross margin	Total OPEX	Net Income before Tax	Config Target ROS	Configuration TP Method	Operating PLI	Required TP Adjustment	Status	Calculated TP Adjustment	PLI: ROS with Calculated TP Adj	Status	
Period:	Dec														
UK01	229'164'827	229'164'827	84'569'807	135'894'964	-65'850'070				-28.73%	65'850'070	●		-28.73%	●	
UK01_Marketing	229'164'827	229'164'827	84'569'807	30'478'922	39'565'971	5.00%	TNMM using Return on Sales	17.27%	-28'107'730	●	-27'576'009	5.23%	●		
UK01_RD	0	0	0	105'416'042	-105'416'042	0.00%	Residual Profit Split	0.00%	0	●	11'780'892	0.00%	●		
CH04	862'399'978	862'399'978	16'467'932	57'012'930	-36'232'997				-4.20%	36'232'997	●		-4.20%	●	
CH04_Production	862'399'978	862'399'978	16'467'932	9'652'001	11'127'933	4.00%	TNMM using Return on Sales	1.29%	23'368'066	●		1.29%	●		
CH04_RD	0	0	0	47'360'930	-47'360'930	0.00%	Residual Profit Split	0.00%	0	●	15'795'118	0.00%	●		
DE02	239'155'888	239'155'888	14'309'113	7'864'077	7'640'818				3.19%	-7'640'818	●		3.19%	●	
DE02_Production	239'155'888	239'155'888	14'309'113	7'864'077	7'640'818	4.00%	TNMM using Return on Sales	3.19%	1'925'418	●		3.19%	●		
CA01	427'149'135	427'149'135	49'138'272	25'307'241	17'251'830				4.04%	-17'251'830	●		4.04%	●	
CA01_Marketing	76'391'190	76'391'190	28'191'246	10'160'028	9'698'226	5.00%	TNMM using Return on Sales	12.70%	-5'878'666	●		12.70%	●		
CA01_Production	350'757'945	350'757'945	20'947'025	15'147'213	7'553'604	4.00%	TNMM using Return on Sales	2.15%	6'476'714	●		2.15%	●		
AUS01	137'496'673	137'496'673	50'741'156	18'287'057	28'299'944				20.58%	-28'299'944	●		20.58%	●	
AUS01_Marketing	137'496'673	137'496'673	50'741'156	18'287'057	28'299'944	5.00%	TNMM using Return on Sales	20.58%	-21'425'110	●		20.58%	●		
CH01	91'664'880	91'664'880	33'827'504	12'191'429	15'826'110				17.27%	-15'826'110	●		17.27%	●	
CH01_Marketing	91'664'880	91'664'880	33'827'504	12'191'429	15'826'110	5.00%	TNMM using Return on Sales	17.27%	-11'242'866	●		17.27%	●		
CH02	0	0	0	61'654'406	2'654'973				0.00%	0	●		0.00%	●	
CH02_Finance	0	0	0	5'970'845	298'542	5.00%	Cost +	0.00%	0	●		0.00%	●		
CH02_HR	0	0	0	12'908'878	645'444	5.00%	Cost +	0.00%	0	●		0.00%	●		
CH02_IT	0	0	0	21'387'341	641'620	5.00%	Cost +	0.00%	0	●		0.00%	●		
CH02_Legal	0	0	0	21'387'341	1'069'367	4.00%	Cost +	0.00%	0	●		0.00%	●		
CH03	0	0	0	0	0				0.00%	0	●		0.00%	●	
CH03_GlobalHQ	0	0	0	0	0	5.00%	Cost +	0.00%	0	●		0.00%	●		
CHIN01	168'056'555	168'056'555	62'018'853	22'351'522	29'856'010				17.77%	-29'856'010	●		17.77%	●	
CHIN01_Marketing	168'056'555	168'056'555	62'018'853	22'351'522	29'856'010	5.00%	TNMM using Return on Sales	17.77%	-21'453'182	●		17.77%	●		



# Transfer Pricing Adjustment Validation



## UK01\_Marketing - Profit Split Adjustments - Validation

Year: 2016	Suppliers					
Currency: UK01_Marketing						
IP Owners	CA01_Production		CH04_Production		DE02_Production	
UK01_RD	<input checked="" type="checkbox"/>	-3'902'720	<input checked="" type="checkbox"/>	-5'414'248	<input checked="" type="checkbox"/>	-2'463'924
CH04_RD	<input checked="" type="checkbox"/>	-2'443'475	<input checked="" type="checkbox"/>	-1'879'804	<input checked="" type="checkbox"/>	-11'471'838

Validate



# Generate profit split transactions

**TPH** TRANSFER PRICING  
Software

Generate transactions

Refresh

Billing Entity	Company code	Receiving Entity	Company code	Period	Transaction description	Account	Currency	Debit	Credit	Comments
UK01_RD	UK01	UK01_Marketing	UK01	Jun		Intercompany receivables	USD		31'933'297	
UK01_RD	UK01	UK01_Marketing	UK01	Jun		Transfer Pricing Adjustments	USD	31'933'297		
UK01_RD	UK01	CA01_Marketing	CA01	Jun		Intercompany receivables	USD		7'770'006	
UK01_RD	UK01	CA01_Marketing	CA01	Jun		Transfer Pricing Adjustments	USD	7'770'006		
UK01_RD	UK01	AUS01_Marketing	AUS0	Jun		Intercompany receivables	USD		17'367'207	
UK01_RD	UK01	AUS01_Marketing	AUS0	Jun		Transfer Pricing Adjustments	USD	17'367'207		
UK01_RD	UK01	CH01_Marketing	CH01	Jun		Intercompany receivables	USD		10'283'636	
UK01_RD	UK01	CH01_Marketing	CH01	Jun		Transfer Pricing Adjustments	USD	10'283'636		
UK01_RD	UK01	CHIN01_Marketing	CHIN	Jun		Intercompany receivables	USD		20'159'309	
UK01_RD	UK01	CHIN01_Marketing	CHIN	Jun		Transfer Pricing Adjustments	USD	20'159'309		
UK01_RD	UK01	DE01_Marketing	DE01	Jun		Intercompany receivables	USD		25'281'294	
UK01_RD	UK01	DE01_Marketing	DE01	Jun		Transfer Pricing Adjustments	USD	25'281'294		
UK01_RD	UK01	SE01_Marketing	SE01	Jun		Intercompany receivables	USD		9'163'489	
UK01_RD	UK01	SE01_Marketing	SE01	Jun		Transfer Pricing Adjustments	USD	9'163'489		
UK01_RD	UK01	USA01_Marketing	USA0	Jun		Intercompany receivables	USD		64'141'359	
UK01_RD	UK01	USA01_Marketing	USA0	Jun		Transfer Pricing Adjustments	USD	64'141'359		
CH04_RD	CH04	UK01_Marketing	UK01	Jun		Intercompany receivables	USD		45'865'794	
CH04_RD	CH04	UK01_Marketing	UK01	Jun		Transfer Pricing Adjustments	USD	45'865'794		
CH04_RD	CH04	CA01_Marketing	CA01	Jun		Intercompany receivables	USD		10'550'539	
CH04_RD	CH04	CA01_Marketing	CA01	Jun		Transfer Pricing Adjustments	USD	10'550'539		
CH04_RD	CH04	AUS01_Marketing	AUS0	Jun		Intercompany receivables	USD		20'574'953	
CH04_RD	CH04	AUS01_Marketing	AUS0	Jun		Transfer Pricing Adjustments	USD	20'574'953		
CH04_RD	CH04	CH01_Marketing	CH01	Jun		Intercompany receivables	USD		14'958'320	
CH04_RD	CH04	CH01_Marketing	CH01	Jun		Transfer Pricing Adjustments	USD	14'958'320		



# Audit Trail

Execution Reporting and Rollback x

Formula Reports Group by Process Instance

Related Operation Reports

Date	Process Name	Rule Name	Formula Name	Description
11/21/2011 12:22 AM	2 - Poland Production Recharge to EMEA Sales based on Unit Sold		Rollback	(9 items)
11/20/2011 11:58 PM	1 - Switzerland IT Recharge to Poland Production at Cost Plus		Rollback	(14 items)
11/20/2011 11:54 PM	0 - RESET Transfer Pricing Sample dataset		Rollback	(7 items)
11/20/2011 11:46 PM	2 - Poland Production Recharge to EMEA Sales based on Unit Sold		Rollback	(8 items)
11/20/2011 11:39 PM	1 - Switzerland IT Recharge to Poland Production at Cost Plus		Rollback	(3 items)
11/20/2011 11:39 PM	1 - Switzerland IT Rech...		4 - Consolidate & Trans...	
11/20/2011 11:39 PM	1 - Switzerland IT Rech...		3 - Recalculate Current...	
11/20/2011 11:39 PM	1 - Switzerland IT Rech...		1 - Switzerland IT costs...	
Related Operation Reports				
Date	Name	Description	Auditing Options	Rollback
11/20/2011 11:39 PM	Selling Prices for Switz...		Before	Rollback
11/20/2011 11:39 PM	Selling Prices for Switz...		After	Rollback
11/20/2011 11:39 PM	Bying Prices For POLA...		Before	Rollback
11/20/2011 11:39 PM	Bying Prices For POLA...		After	Rollback
11/20/2011 11:38 PM	0 - RESET Transfer Pricing Sample dataset		Rollback	(6 items)
11/20/2011 11:34 PM	1 - Switzerland IT Recharge to Poland Production at Cost Plus		Rollback	(12 items)



# Benefits of TPH

- Monitoring
  - » Monitoring & Co-ordination
  - » Integrated Audit Trail
  - » Tax & Finance data aligned
- Optimise Tax Return
  - » Proactive Transfer Pricing management
  - » Full financial simulations prior to execution
  - » Measure the bottom line impact
- Save operational costs
  - » Full automation of manual procedures
  - » Avoidance of spreadsheet nightmare
  - » Reduce consulting and audit fees



# Features & Benefits of TPH

## MONITORING

Transfer Pricing for Hyperion offers full monitoring and coordination of all operations, ensuring complete transfer pricing calculation consistency.

## ONE SYSTEM

Avoids having fragmented sources. Keeping one in-house single version of the truth with both tax and finance figures is highly encouraged by tax authorities.

## PROACTIVE

Transfer prices can be automatically calculated on a regular basis, allowing optimized pre-closing and year-end adjustments.

## SIMULATIONS

With transfer pricing and the group finance data integrated into a single data repository, simulations become easy, allowing you to benchmark all scenarios.

## BOTTOM LINE IMPACT

Transfer Pricing for Hyperion is the only solution on the market that can measure and prove the bottom line impact of any transfer pricing strategy.

## AUTOMATION

Replaces manual procedures with process automation and allows you to make significant operational costs savings.

## SAFE CALCULATION

Collects all transfer pricing models within a single repository and avoids spreadsheet dependency, lowers drastically maintenance risk and increases defense capability of your tax stance.

## AUDIT TRAIL

Transfer Pricing for Hyperion provides a fully embedded audit trail, and ensures an indisputable tax position with selfdocumenting operations for compliant tax results, available anytime, anywhere.

## IN-HOUSE

Keeps sensitive data in house and reduces external fees thanks to a complete integrated in-house solution.

# Hyperion Focus 17

## Thank you

