

Transfer pricing

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- International tax specialist.
- Leads KPMG NZ's Transfer Pricing team.
- Over 20 years' experience advising multinationals on Transfer Pricing issues.





Transfer Pricing in Fiji

Agenda

**Current
environment in
Fiji**

**Fijian transfer
pricing rules**

Areas of risk

Documentation

Current transfer pricing environment in Fiji

- **Active enforcement activity – income tax and withholding taxes**
- **7 days to produce documentation on request**
- **Potential penalties of not less than \$100,000 for lack of contemporaneous documentation**

Fijian legislation



- Rules legislated in 2012
- OECD arm's length standard
- Applies to branches as if they were stand alone subsidiaries
- Requires application of a transfer pricing method to prove; 5 OECD methods or a fall back option
- Benchmarking
- Applies to related parties as defined in legislation

Not a one-way street in Fiji



What's the tax authority looking for?

Persistent losses

Counterparties
in tax havens

High-level of
related party
transactions

Lack of
documentation /
care

'High risk'
transactions

Withholding tax
avoidance



Transfer pricing methods - benchmarking

**Comparable
Uncontrolled
Price**

Resale Price

Cost Plus

Profit Split

**Comparable
Profits (TNMM)**

Documentation - management of risk

Contemporaneous

In place when tax return is lodged

Master file / local file

Global trend

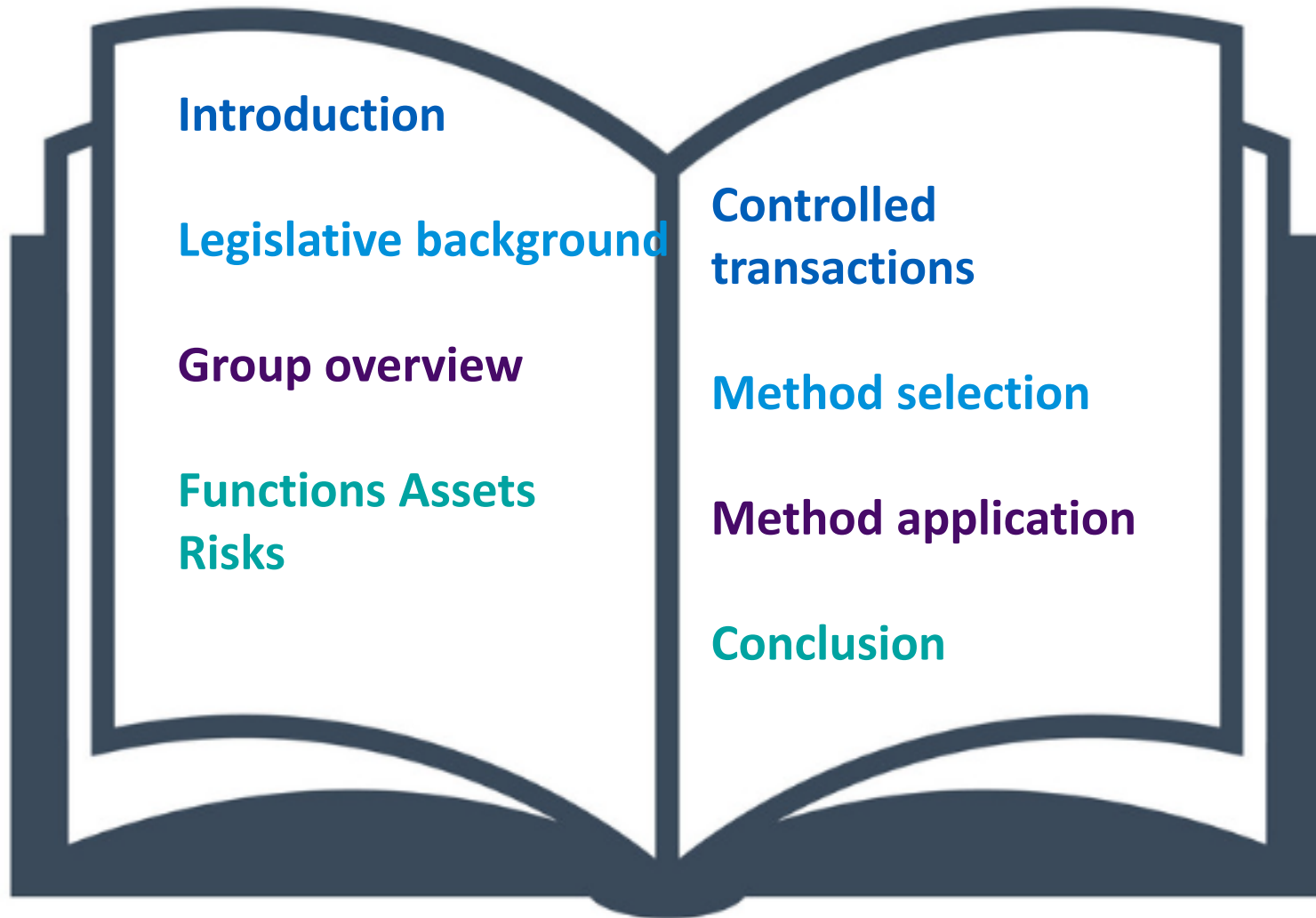
'Traditional' file

More practical in some instances

Contracts

**Essential to evidence
arrangements/intentions**

Documentation - what does it contain?



Thank you

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