TRANSPRICE
TAX ADVISORS



CASE STUDY

Industry: Pharmaceauticals

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Firms Role

TransPrice Tax spearheaded the development of comprehensive transfer pricing solutions for a multinational pharmaceutical client. The engagement included establishing transfer pricing models, conducting in-depth benchmarking exercises, and drafting robust inter-company agreements (ICAs) to govern various transactions within the group.

About the client

The client is a multinational conglomerate with operations in pharmaceuticals, education, and real estate.



Matter description

Transfer Pricing Models

TransPrice Tax designed and implemented custom transfer pricing models for various intergroup transactions within the client Group. This ensured accurate pricing for goods and services transferred between affiliated entities, complying with arm's-length principles and minimizing tax risks globally.

Benchmarking

To support the transfer pricing models, TransPrice Tax conducted meticulous benchmarking exercises. This included both internal data analysis and external market research to identify appropriate pricing based on comparable transactions in the marketplace.

Inter-company Agreements

TransPrice Tax drafted comprehensive inter-corporate agreements (ICAs) for each transfer pricing model. These ICAs documented the agreed-upon pricing methodologies, terms of transactions, and dispute resolution

mechanisms, ensuring alignment with regulatory requirements across jurisdictions.

Intellectual Property (IP):

TransPrice Tax established a robust transfer pricing model for the clients valuable IP assets (trademarks and patents). Using a two-curve benchmarking exercise, TransPrice Tax determined a fair arm's length royalty rate between the IP holders and exploiting entities. Additionally, provided a master royalty agreement, streamlining future transactions and ensuring long-term compliance.

UAE Pharmaceutical Distribution and Marketing

For the client's UAE-based operation focusing on pharmaceutical distribution and marketing support services, TransPrice Tax formulated a transfer pricing model reflecting the specific dynamics of the Middle Eastern market. Through foreign benchmarking specific to the region, TransPrice Tax identified the appropriate markup for the UAE entity.

Additionally, drafted a comprehensive ICA to ensure proper documentation and adherence to local regulations.

Impact

- Handled diverse transfer pricing for the client Group, from IP to software distribution.
- Navigated complex international structures and agreements for the client group
- Pioneered a two-curve benchmarking method for client Group IP royalty rates.
- Provided end-to-end transfer pricing solutions for the client Group, maximizing efficiency.



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To know more get in touch with us



INDIA

706-A, Ecstasy Business Park, JSD Road, Mulund (W), Mumbai – INDIA

+91 22 25935424
+91 8779403560

UAE

46 23a St - Al Karama - Dubai
United Arab Emirates

+91 8779403560
+ 971 4 3243443

info@transprice.in

www.transprice.in