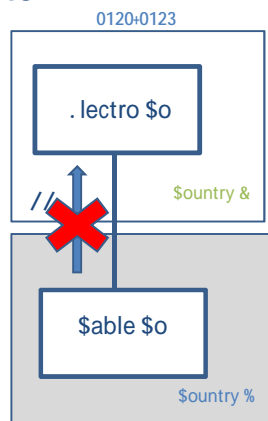


Additional facts

Ca&le Co had been reporting a net operating loss +, - ./ for the years 2012 and 2013 and was audited;

The Country ' ta) authorities disallowed the full royalty paid by Ca&le Co

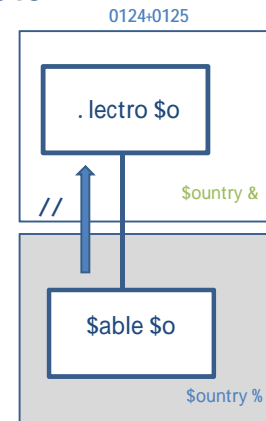
Ca&le Co had no transfer pricing documentation in place and settled with reporting cost plus 1* 1;



Additional facts

(or 201% and 201*, Ca&le Co again pays +and deducts/ the full royalty;

It has made sure it has a transfer pricing report in place to support the arm's length nature of the intercompany royalty;

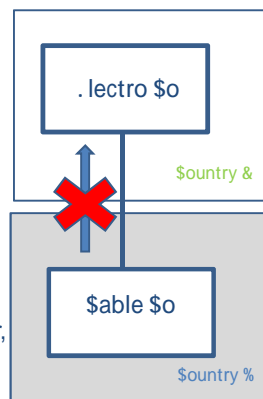


Additional facts

Upon review, the Country ' inspector disallows the royalty charge for 201%;

In response, Ca&le Co submits the transfer pricing report supporting the arm's length nature of the intercompany royalty;

During discussions with the ta) inspector, Ca&le Co indicates they don't want ongoing disputes on this matter



The Importance of Dispute Resolution

Questions

What dispute resolution mechanisms do you think are available in light of the current facts and considering the previous audit +2012 and 2013/8

Please discuss why you chose the dispute resolution mechanism you

Additional facts

Ca&le Co's transfer pricing report supports the arm's length nature of the intercompany royalty based on Electro Co making available its #"\$ "rademark to an unrelated party in Country A

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The Importance of Dispute Resolution

Questions

In light of these additional facts, would you favor a unilateral one-sided/ or a bilateral two-sided/ dispute resolution mechanism to resolve this case, and why?

What information do you think you would need to determine whether the intercompany royalty paid by Ca&le Co is at arm's length and what mechanism would be available to collect the information that you need?

What do you expect the position would be of the Country A tax authorities when they are presented with the facts of the matter and asked to give a corresponding adjustment for the Country?

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Additional facts

Ca&le Co suggests to resolve the royalty dispute by filing a bilateral A9A Country A has a well functioning A9A program in place

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The Importance of Dispute Resolution

Questions

Ca&le Co has suggested that a bilateral A9A be considered to resolve the debate on the intercompany royalty Country A has a well functioning A9A program Country ' does not have an A9A program in place Do you think it is possible to enter into a bilateral A9A?

Do you think it would be beneficial for Country ' to move forward with a bilateral A9A?

What would be needed to move forward with a bilateral A9A?

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Approach to A9A

Country ' agrees to negotiate a bilateral A9A. If you are the Country ' tax authority what questions do you have for the taxpayer before you adopt a negotiating position vis a vis Country A?

What additional facts do you believe Case Co. should provide?

How does the A9A process help you develop those facts?

What negotiating position do you think Country ' should adopt in its first interactions with Country A Tax Authorities?