

B.4. Intra-Group Services

Introduction

B.4.1. This chapter considers the transfer prices for intra-group services within an MNE group. Firstly, it considers the tests for determining whether

B.4.2. Under the arm's length principle, if a chargeable intra-group service has been provided to associated enterprises, arm's length transfer prices should be charged to group members receiving or expected to receive an economic benefit from the

services. The term 'associated enterprises' group members have in associated enterprises is whether one or more associated enterprises have received or are expected to receive an economic benefit from the services. The economic benefit exists if an independent entity in the same or different jurisdiction would be willing to pay for the services or perform the activity described in this chapter as the "benefit test" and is detailed below (paras. B.4.10–B.4.13).

The analysis of intra-group services should be considered from the perspective of the service-provider and of the associated enterprise receiving the services. Tax authorities may view the provision of intra-group services from the perspective of a service provider or of a recipient of services. The tax authority of the service provider would seek to ensure that if chargeable intra-group services are provided, the associated enterprise benefitting from the service is paying an arm's length price for such services. The tax authority of the service-receiving jurisdiction is concerned if there were no payments for the intra-group cross-

nonetheless necessary for the MNE's business operations. The performance of service activities required by members of the group may be centralised in one group member or dispersed among many group members. In some cases MNE groups may outsource services to independent enterprises and then charge out the cost of the services on a pass-through basis to those associated enterprises receiving a benefit.

B.4.7. Most intra-group services are easily identifiable, such as human resources services. In some situations a service may be connected with the provision of goods. For example, an associated enterprise might be provided with goods and it might also receive services to assist in the use of the goods. In other cases intra-group services may also be provided in conjunction with or embedded in intangibles or other assets.

Types of intra-group services

B.4.8. Many types of intra-group services may be provided between the associated enterprises comprising an MNE group. UNCTAD has noted in its *World Investment Report 2004: The Shift Towards Services*,

services, such as accounting or bookkeeping services. Notwithstanding the risk involved, intra-group research and development services are chargeable if an independent party would have been expected to pay another independent party for the research and devel

case. The following section deals with four situations in which the benefit test is not met.

Shareholder activities

B.4.20. Shareholder activities are activities undertaken to provide an economic benefit only to the shareholder company (ultimate parent company or any other shareholder such as an intermediary holding company, depending on the facts of the case) in its capacity of shareholder. Accordingly the cost of shareholder activities should be

borne exclusively by the shareholder company.

International Financial Reporting Standards and to annually file statutory financial statements. Subsidiary Co's chief financial officer provides certain reports and financial statements to Controller Co for inclusion in the group's consolidated financial statements. The incorporation of this material into Controller Co's consolidated financial statements are actions that Controller Co carries out as a shareholder of Subsidiary Co, Controller Co cannot impose a service charge on Subsidiary Co for reviewing and incorporating its financial statements into the group's consolidated financial statements that Controller Co is required to file, as these activities do not provide Subsidiary Co with a benefit. These activities are exclusively attributed to the obligations imposed on Controller Co as a listed company. If Subsidiary Co incurs costs in preparing financial statements required for the group's consolidated financial statements that exceed what is necessary to meet the financial reporting requirements in Country B, Controller Co should compensate Subsidiary Co on an arm's length basis for the additional activities.

Duplication of activities

B.4.25. Duplication of services occurs when a service is provided to an associated enterprise which has already incurred costs for the same activity performed either by itself or on its behalf by an independent entity. Duplicated activities are usually not chargeable services. The determination of duplication must be made on a case-by-case basis. There are some circumstances in which duplication may provide an associated enterprise with a benefit if an independent party would have been willing to pay for the duplicated services in similar circumstances. For example, this situation may arise if an associated enterprise receives in-house accounting advice on an issue but chooses to get a second opinion to minimize the risk of being penalized for failing to comply with accounting standards.

B.4.26. At times an MNE group may engage in service functions which have the same name but the functions are performed at different levels and therefore do not involve duplication. These functions may be carried out at group, regional or local level. For example, strategic marketing functions are performed at group level as they are for the benefit of the entire group, while at the local level a subsidiary engages in marketing analysis of the local market conditions. In this situation the marketing services are not duplicated as they are different types of services.

Example 3

Company X, resident in Country X, is part of an MNE group. Company X uses the group's integrated IT system which is supported by IT services provided by a group service provider, Company T. Assume that these services meet the benefit test for Company X. It is determined that an arm's length charge for Company X for these services is 60. As a result, Company X's accounts include a charge for "IT services" paid to Company T of 60.

Company X also sources IT services from a third party supplier in Country X in order to customise its IT system to local requirements. As a result, Company X's accounts include a further charge, also described as "IT services", of 40.

In this example, despite being described the same way in Company X's accounts, the two charges refer to different services and both would be allowable since the intra-group charge refers to services which meet the benefit test and are at an arm's length price, and the other services are also at arm's length.

If the IT services relating to localisation of X's systems were instead sourced from an associated enterprise, assuming both kinds of services meet the benefit test and constitute an arm's length amount, the same outcome would apply.

B.4.27. When an activity is in the process of being centralized for an MNE group, acceptable duplication may occur during the transition phase. For example, an MNE group may decide to centralize its human resources function for the group and this alteration would require the closure of each associated enterprise's human resources department after the necessary data has been provided to the centralized human

Example 4

Subsidiary Co, a company resident in Country A, is part of an MNE group (the group). The group's business is growing primary produce and distributing it in local markets. The parent company is Parent Co in Country B. Parent Co oversees treasury functions for the group. Parent Co's treasury function ensures that there is adequate finance for the group and monitors the debt and equity levels on its books and those of its subsidiaries. Subsidiary Co maintains its own treasury function and manages its finances on an independent basis. It manages its treasury operations and ensures that it has finance available either in-house or externally. A functional analysis indicates that Subsidiary Co carries on its own treasury functions in order to ensure that it has adequate debt capital to finance its operations. In this situation duplication arises as Subsidiary Co is performing treasury functions necessary for its operations and Parent Co is performing the same treasury functions for Subsidiary Co. Accordingly Parent Co's treasury activities are duplicated activities that fail the benefit test.

own benefit. Property Company has a dispute with one of its customers over the improper use of its intellectual property. Property Company attempts to discuss the dispute with the customer but the customer denies that there is a breach of the licence agreement and refuses to negotiate. Property Company does not have in-house legal counsel and engages an independent legal firm in Country B to provide it with advice on whether it is entitled to damages from the customer for the purported breach of the agreement.

The legal advice is that the customer is in breach of agreement and that Property Company should take legal action to recover substantial damages from the customer. As litigation is expensive Property Company seeks a second opinion from Parent Company on whether it should take legal action against the customer. Both Country A and Country B have similar legal systems. Parent Company uses its in-house legal counsel to provide advice on whether Property Company is entitled to damages for the breach of agreement as well as assessing the extent of the damages. In this situation the legal advice provided by Parent Company has provided Property Company with an economic benefit as it has the comfort of the second opinion. In this situation there is no duplication and the use of a second legal opinion is a justified measure for dealing with a dispute with a customer. Independent entities involved in legal disputes may seek a second opinion to confirm their legal rights.

Passive association

B.4.28. Benefits to members of an MNE group may arise as a result of an associated entity's membership of the MNE group. Such benefits are attributable to the entity's passive association with the MNE group. The benefits of association with an MNE group are not a chargeable service for members of the MNE group. For example, independent enterprises transacting with an enterprise that is a member of an MNE group may be willing to provide goods or services to it at prices that are below the prices charged to independent buyers. These discounts may be provided because the independent sup

benefits ordinarily would not cause these other group members to be treated as receiving an intra-group service because the activities producing the benefits would

methodology to pay the service fees and the actual amount of the service fees charged to the various associated enterprises.

B.4.39. Generally, the direct charge method is preferred over the indirect charge method in cases where the services rendered by an associated enterprise to other group members can be specifically identified and quantified. In many circumstances, MNEs will not have an option but to use indirect cost allocation. In such cases, intra group services charged on an allocation basis will be acceptable if the allocation is a reasonable reflection of the expected benefits (see para B.4.38).

Provision of assets and ancillary services

B.4.40. It may be necessary to distinguish between the transfer of tangible or intangible assets and services as the transfer agreement may include the provision of ancillary services. The services may include the provision of training or advice on the use and operation of machinery and equipment. In the case of intangible assets, the services may be training and assistance on the use of patents, copyright or know-how. If the provision of intra-group services is separate to the provision of tangible or intangible assets then it may be appropriate for an arm's length service charge to be allocated to the recipient. Determining whether a service is connected to the transfer of tangible or intangible assets depends on the facts and circumstances of the transaction.

B.4.41. If a payment for tangible or intangible assets already includes the price for accompanying ancillary services, a separate service fee may be inappropriate as this would involve a second charge for the same services. The transfer price for such transactions may be supported by comparables in which similar ancillary services are provided, such as internal comparables. Nevertheless, it may be difficult to obtain external comparables. On the other hand, if the transfer price for the transfer of a tangible or intangible asset did not cover the provision of services, it would be appropriate for a service charge to be made.

Example 9

Crimson Co is a resident of Country A and is the parent of an MNE group that carries on a business of mining and processing minerals. Violet Co is an associated enterprise resident in Country B and also carries on a business of mining and processing minerals. Crimson has developed a processing system for

minerals which reduces the cost of processing minerals and the processing time. The processing system is know-how and Crimson has not sought a patent for the processing system. Crimson Co agrees to provide a licence to Violet Co for the right to use its know-how for the processing of minerals. The royalty fee for the licence to use the know-how is 3 per cent of Violet's sales income from sales of minerals to independent customers. Under this arrangement Crimson agrees to provide ancillary services to the staff of Violet Co on the use of the know-how. Assume that a functional analysis has been carried out by Crimson Co and appropriate comparables have been identified in setting the 3 per cent royalty fee. In addition, the comparables provide the same or similar ancillary services, the fees for which are embedded in the royalty fee. In this situation, Crimson has been fully remunerated for the provision of know-how and any ancillary services in the 3 per cent royalty fee. It would be inappropriate for the tax authority in Country A to claim that the royalty payment only applies to the licence arrangement and that Crimson Co is required to receive a further payment for the provision of ancillary services. The fees for the ancillary services are embedded in the transfer price of the know-how. Consequently, it would be inappropriate for any additional service charges for training to be imposed on the associated enterprise.

Calculating arm's length consideration

B.4.42. For both direct and indirect charging methods, the transfer pricing methods in this Manual (Chapter B.3sn((t)-6M(ed)0.5 (h)-4 (e(t)-o(u)-4 (t)-6 (C))TT(ons)N(hodsM(ed)-M(ed)-1 (

Example 10

Grain Co and Shipper Co are associated enterprises. Grain Co is resident in Country A and produces wheat for export. Shipper Co is resident in Country B and carries on a business of providing grain shipping services. Shipper Co provides grain shipping services to four independent enterprises and approximately 60 per cent of its business is made up of performing shipping services to these independent customers and 40 per cent of its business is performing shipping services for Grain Co. In this situation it is likely that Shipper Co would be able to use the CUP method as it has internal comparables to use in setting its transfer prices for Grain Co. The reliability of the comparables depends on a comparability analysis. Assume that there is a high comparability in terms of the type of service provided, the volume of transactions, the contractual terms and the economic conditions. In this case, Shipper would be able to use the internal comparables in setting its transfer prices for shipping services provided to Grain Co.

Example 11

Assume the same facts as Example 10, except that 90 per cent of Shipper Co's business is providing shipping services for Grain Co. The remaining 10 per cent of its business is providing shipping services on an ad hoc basis to independent customers. Assume further that the independent customers only use Shipper Co in times of acute shortage of shipping capacity by other independent shipping enterprises. In these situations, shipping services may be more costly than when there is no shortage. In this situation, the comparability analysis is likely to lead to the conclusion that the comparables need to be adjusted for the significant differences between the controlled and uncontrolled transactions which would affect the shipping charges. The main differences on the facts are the volume of business (90 per cent of volume originated by Grain Co and 10 per cent by independent entities) and the regularity of providing grain transporting services that must be taken into account as they would be expected to have a material effect on the transportation charges. If reasonably accurate adjustments for material differences between the controlled and uncontrolled transactions cannot be made, the reliability of the CUP method will be reduced and the CUP method may not be the most appropriate method

provided by Service Provider. In this situation, Service Provider's net profit of 5 per cent is within the arm's length range of the net profit to the cost of providing the services. The service provider is treated as making a net profit of \$5,000 from providing intra-group services to an associated enterprise.

Profit Split Method

B.4.54. The Profit Split Method may in certain circumstances be used for services (see B.3.3.13.1-- B.3.3.18 for more details on the Profit Split Method). The Profit Split Method is a two-sided analysis which applies to the profits of two or more associated enterprises engaging in controlled transactions. The Profit Split Method is usually used when both sides to controlled transactions contribute significant intangible property. The aim of this method is to allocate profits on the basis that independent enterprises would have used in comparable independent transactions. Under the Profit Split Method the profit derived from controlled transactions is allocated between the associated enterprises on the basis of each associated enterprise's relative contributions. The relative contributions would be determined on the basis of functions performed, risks assumed and assets used by each associated enterprise. The Profit Split Method may be applied on the basis of a contribution analysis or a residual analysis (see para. B.3.3.14.1.–B.3.3.14.7. for more details).

Example 14 [TP example]

A Incorporated is engaged in providing internet and related services to the group's customers worldwide. The services offered by A Incorporated include internet direct connections, installations, configuration of routers and fully managed support solutions developed around the network services, with the aim that each member of the MNE can provide seamless network connectivity to customers across various locations and countries. The total circuit connectivity is also provided by the local licensed services provider. The MNE group operates in a number of countries and territories through successfully integrating several different networks into one and has consolidated its entities such that A Incorporated conducts business in most countries as a single multifunctional entity that provides a full range of solution services. In such a situation the profit split method can commonly be used as the most appropriate method for determining the arm's length price of the international transactions, based on a residual profit analysis.

Example 15 [TP example]

Air Express is engaged in the business of a logistics service provider offering a comprehensive portfolio of international, domestic and specified freight handling services. The group of entities is generally involved in international transactions involving freight services provided by associated enterprises. The business activities involve entering into contracts with third parties for moving their cargo from

of services among group members on an objective basis. In such a case, it may not be appropriate to determine arm's length pricing as a mark-up on the cost of the outsourced services rather on the costs of the agency function itself and allocate the outsourced costs without mark-up.

Example 17

An MNE group has a parent company, Controller Company, in Country A and has an associated enterprise; Subsidiary Company in Country B. Controller Co has 10 subsidiaries in total around the world. The MNE group has reviewed its operations and has decided to keep in-house the activities in which it has a comparative advantage and to outsource activities that independent enterprises can provide at a lower cost. The MNE group has decided to outsource its human resources activities to an independent enterprise, Independent Company, in Country B for the whole group. It has decided to outsource the work through Subsidiary Company as it is located in the same jurisdiction as the service provider. The role of Subsidiary Company is to pay the independent enterprise and to recharge the costs it incurs in doing so to group members. In this situation Subsidiary Company is operating as an agent. Subsidiary Company passes on the service costs charged by Independent Company to group members on the basis of full time employee equivalents in the group. . The charge is on a pass through basis as Subsidiary Company is not adding value and is merely used for convenience to distribute the human resource costs of outsourcing to Independent Company without a profit mark-up. In addition, Subsidiary Company may provide a service in paying Independent Company and allocating the cost to group members.

Allocation keys

B.4.56. The use of allocation keys provides an effective proxy for estimating the proportional share in the expected benefits from the activities, and accordingly for allocating the costs or value of services within an MNE group, once the benefit test has been satisfied. An allocation key should be determined consistently for all associated enterprises concerned and should reasonably reflect each associated enterprise's share in the anticipated benefits from the intra-group services. An example of an inconsistent allocation key is one that uses different bases for allocating expenses for services to associated enterprises in different tax jurisdictions.

B.4.57. When selecting an allocation key, the taxpayer should consider the nature of the services and the use to which the services are put. For example if the services relate to human resource activities, the proportionate number of employees may be an appropriate measure of the respective benefit to each group member. In addition, there are situations in which the proportion of services rendered to each beneficiary might not be easily identifiable with reference to the exact quantum of benefit attained or expected (for instance, in cases involving a centralized advertisement campaign). In such cases, the allocation key would be an approximate value (e.g. proportional net sales of all the beneficiaries to allocate the cost incurred to implement the centralized advertising campaign mentioned 7 0 -1.72 TD [(not) Td [(c)4 (a)4 (m)-o o. pr..1 (s)-12 (g)10 (n m082

Sales;
Gross or net profit;
Units produced or sold;
Number of employees or full time equivalents (FTEs);
Salaries and wages;
Number of information technology users;
Office spaces or factor space;
Capital;
Operating expenses; and
The number of personal computers.

B.4.61. The following non-exhaustive list contains allocation keys that are commonly used by MNEs for certain types of services:³

Information technology: number of personal computers;
Business management software; number of licences;
Human resources: number of employees;
Health and safety: number of employees;
Staff training: number of employees;
Tax and accounting: sales or size of balance sheet;
Marketing services: sales to independent customers; and
Vehicle fleet management: number of cars.

B.4.62. These allocation keys are provided as examples and other allocation keys may be acceptable.

Example 18

Manufacturing Co, Distributor Co and Personnel Co are associated enterprises in an MNE group. Manufacturing Co is the parent company and is resident in

³ See EU Commission, 'Guidelines on low value-adding intra-group services' (Brussels, 25.1.2011 COM(2011) 16 final), Annex I 'List of intra-group services commonly provided that may or may not be within the scope of this paper'. There is no indication that these services are low value added services.

Country A. Distributor Co is resident in Country B. Manufacturing Co is in the business of manufacturing sporting goods. Distributor Co's only business activity is to distribute Manufacturing Co's goods in Country B. Personnel Co is resident in Country C and provides human resources services for the group. The centralization of services is designed to exploit efficiencies of scale and the relatively lower labour costs in Country C. Assume that Personnel Co's total cost of providing human resources services to Manufacturing Co and Distributor Co is \$454,545. Assume that a 10 per cent mark-up is arm's length. The cost base includes direct and indirect costs in accordance with the accounting standards used in Country C. Therefore, the total service charge for human resources services provided to Manufacturing Co and Distributor Co is \$500,000.

Manufacturing Co has 1000 employees and Distributor Co has 50 employees. These are full time equivalent employees. This MNE group uses an allocation key for attributing the human resource service charge on the basis of number of employees. This allocation key is chosen as it reflects the expected benefits of the associated enterprises from the provision of intra-group human resources services. The cost to be allocated per employee is $(\$500,000/1050)$ \$476.19.

On this basis, the allocation key results in the following allocation of the human resources service charge:

Manufacturing Co: 1000 employees, \$476,190.00

Distributor Co: 50 employees, \$23,809.50

Safe harbours

B.4.63. It is often burdensome and costly to determine arm's length prices if an associated enterprise provides a range of intra-group services. A practical alternative for a tax authority is to provide taxpayers with the option of using a safe harbour for certain low value-adding services, provided it results in an outcome that broadly complies with the arm's length principle. The safe harbour rates may be based on acceptable mark-up rates for services. Several countries provide a safe harbour option for certain services. The advantages of a safe harbour are that it provides certainty for taxpayers and tax authorities. In addition, safe harbours reduce the costs of complying with transfer pricing requirements in a country. Moreover, any additional tax revenue

that a tax authority may receive from a transfer pricing adjustment of such services may be outweighed by the administrative costs of applying the arm's length principle to such services. Accordingly, providing a safe-harbour enables tax authorities to use their resources to concentrate on transfer pricing reviews in which the tax revenue at stake is more significant. The downside of a unilateral safe harbour is that the service-provider's country may not provide for a safe harbour and insist on a higher mark-up than the safe harbour mark-up and this may result in double taxation. If a bilateral or multilateral safe harbour is available, this is to be preferred as it reduces the risk of double taxation.

B.4.64. This chapter sets out two safe harbours that may be used by tax authorities:

Low-value services that are unconnected to an associated enterprise's main business activity. This safe harbour is usually available for low-~~margin~~ value adding services. The rationale for a safe harbour is that there may be difficulties in finding comparable transactions for low-value-adding services; and the administrative costs and compliance costs may be disproportionate to the tax at stake. In addition, the safe harbour provides taxpayers and tax authorities with certainty.

Safe harbours for minor expenses are for situations in which the costs of services provided or received are relatively low, so the tax authority may agree to not adjust the transfer prices provided they fall within the acceptable range. The rationale for this safe harbour is that the cost of a tax authority making adjustments is not commensurate with the tax revenue at stake and therefore the taxpayer cannot be expected to incur compliance costs to determine more precise arm's length prices.⁴

Low value-adding services safe harbour

B.4.65. Low value-adding services are services which are not part of an MNE group's main business activities from which it derives its profits. They are low-value-adding services that support the associated enterprise's business operations. A determination of an associated enterprise's low value-adding services would be based on a functional analysis of the enterprise. The functional analysis would provide evidence

⁴ These two safe harbours are based on the safe harbours in the Australian Taxation Office's Taxation Ruling 1999/1 Income Tax: International transfer pricing for intra-group services, paras. 77-87.

of the main business activities of an associated enterprise and the way in which it derives its profits.

B.4.66. Low value-adding intra-group services are services performed by one member or more than one member of an MNE group on behalf of one or more other group members which:

- are of a supportive nature;

- are not part of the core business of the MNE group (i.e. not creating the profit-earning activities or contributing to economically significant activities of the MNE group);

- do not require the use of unique and valuable intangibles and do not lead to the creation of unique and valuable intangibles, and

- do not involve the assumption or control of substantial or significant risk by the service provider and do not give rise to the creation of significant risk for the service provider.

B.4.67. The following services are common examples of low value-adding services:

- human resources services;

- accounting services;

- tax compliance services; and

- data processing

B.4.68. For an associated enterprise that is a distributor and margutius a dentautius a dk Tf ()Tj /TT0 1

strategic management services.

B.4.70. The determination of whether services qualify as low value-adding services may require a case-by-case analysis of the key business activities of an MNE group.

B.4.71. A safe harbour may contain the following requirements:

- identification of the service within the scope of the safe harbour;
- a fixed profit margin;
- an assumption that the same gross profit margin is accepted in the other country; and
- the documentation requirements.

Example 19

Manufacturing Co, Distributor Co and Services Co are associated enterprises. Manufacturing Co is resident in Country A and carries on the business of manufacturing goods. Distributor Co is resident in Country B and is a distributor of goods purchased from Manufacturing Co. The MNE group decides to centralize its human resources function in Services Co in Country C in order to obtain cost savings through economies of scale and the relatively low labour costs in that country. The total cost of human resources services provided to Distributor Co is \$100,000 under a direct charging system and the agreed mark-up for this function is 7.5 per cent in Country C, therefore Distributor Co is charged \$107,500 by Services Co under a direct charging system for human resources services. Distributor Co has total deductions of \$2 million which include the services costs for Services Co.

and the mark-

the cost of providing the services is not more than X per cent of the taxable income of the associated enterprise providing the services;

the transfer price charged is based on a fixed profit mark-up on the total costs of the services (direct and indirect expenses);

the same profit margin is used in the other country, and

documentation is created to establish that these safe harbour requirements have been satisfied.

Example 20

Assume that Subsidiary Co is resident in Country A and receives marketing services from its parent company, Parent Co which is resident in Country B. The total direct and indirect cost of providing the services is \$500,000. Subsidiary Co decides to use the safe harbour option, as the costs of preparing a comprehensive transfer pricing analysis for such services and determining the arm's length margin would be excessive given that the services are low value-adding services. Subsidiary Co does not acquire other services from associated enterprises and its total deductible expenses are \$10 million. The total charge for services of \$537,500 is below the \$750,000 threshold and the expense is 5.37 per cent of its total deductible expenses and thus below the 15 per cent threshold. Accordingly, the maximum transfer price Subsidiary Co can deduct for the services rendered by Parent Co under the safe harbour option is \$537,500. A transfer price up to this amount will be deductible by Subsidiary Co provided the documentation requirements are satisfied.

B.4.75. Safe harbours may have unintended consequences and should be carefully considered before they are implemented. If in the above example, a full transfer pricing analysis concluded that the arm's length cost plus margin is 5 per cent, the service charge would have been \$525,000. By using the safe harbour, Subsidiary Co has been able to claim \$537,500 as a deductible expense in Country A for intra-group services without incurring the costs of a full transfer pricing analysis (which may have exceeded \$12,500). On the other hand, if the tax authorities in Country B are not aware of the safe harbour, they would require arm's length services income of \$525,000 to be reported, which is \$12,500 less than the amount claimed as a deductible expense at the level of Country A. To avoid this result, it is material that

safe harbour requirements consider this

Appendix

The following list of potential intra-group services is based on the list of intra-group services set out in Annex I 'List of intra-group services commonly provided that may or may not be within the scope of this paper' of the EU Commission, 'Guidelines on low value-adding intra-group services' (Brussels, 25.1.2011 COM(2011) 16 final)

Information technology services:

- building, development and management of the information system;
- study, development, installation and periodic/extraordinary maintenance of software;
- study, development, installation and periodic/extraordinary maintenance of hardware;
- supply and transmission of data; and
- back-up services.

Human resource services:

legislative, contractual, administrative, social security and fiscal activities commonly provided by a group company (v)-4 (i)- .9 (t

centralized management of relationship with insurance companies and brokers;
tax advice;
transfer pricing studies; and
protection of intangible property.

Accounting and administration services:

assistance in the preparation of the budget and operating plans;
keeping of the mandatory books and accounts;
assistance in the preparation of periodical financial statements, annual and extraordinary balance sheets or statements of account (different from the consolidated financial statement);
assistance in compliance with fiscal obligations, such as filing tax returns, computing, and paying taxes, etc.; data processing;
audit of the account of the subsidiary; and management of the invoicing process.

Technical services, for example:

assistance regarding plant, machinery, equipment, processes, etc.
planning and executing ordinary and extraordinary maintenance activities on premises and plant;
planning and executing ordinary and extraordinary restructuring activities on premises and plant;
transfer of technical know-how;
providing guidelines for the products' innovation;
production planning to minimize excess capacity and meet demand efficiently;
assistance in planning and implementing capital expenditure;
efficiency monitoring; and
engineering services.

Quality control services:

providing quality policies and standards of the production and provision of services;
assistance in obtaining quality certifications; and
development and implementation of client satisfaction programs.

Other services:

strategy and business development services in case there is a connection with an existing (or to be established) subsidiary;
corporate security;
research and development;
real estate and facility management;
logistic services;
inventory management;
advice on transport and distribution strategy;
warehousing services;
purchasing services and sourcing raw materials;

cost reduction management;
packaging services.

