

TRANSFER PRICING: FROM CLASSROOM TO BOARDROOM

A Mentorship Program Sponsored by the
American Bar Association Section of Taxation
Transfer Pricing Committee

2021-22 Program Year



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Invitation

In **Fall 2020**, the ABA Taxation Section's Transfer Pricing Committee launched a new educational outreach program:

Transfer Pricing: From Classroom to Boardroom (TP C2B)

We invite you to join the 2021-22 program, to build on the **success of the first-year pilot** and institutionalize this **mentoring program** that provides the next generation of transfer pricing (TP) practitioners with exposure to and understanding of TP practices in multinational corporations.



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Program Goals & Summary

- TP C2B seeks to provide **motivated students of law, economics and finance** who are interested in pursuing TP careers with beyond-the-classroom insight into the real-world practice of TP by pairing them with **corporate TP leaders**.
- This **rare “insider” look** into how TP policies are designed and administered gives our future Tax/TP professional mentees a balanced and informed view of a multinational corporation’s priorities and operations as they begin their career journeys.
- Corporate mentors have the **opportunity to share their wisdom and experience** and thereby foster the development and enhancement of the TP profession.
- To further slake everyone’s thirst for greater knowledge, mentors and mentees are invited to join a **capstone exercise** at the end of the mentoring relationship, for a **sophisticated case study** and **networking cocktail reception**.
- There is **no cost** to the students or mentors to participate in TP C2B. Willingness to learn and share the complexities of the evolving TP field is the only pre-requisite.



TP C2B Pilot Year – 2020-2021

- **Six pairs of mentors and mentees** participated in the first-year pilot program.
- Mentees have had enriching and unique opportunities to learn about TP practices in major multinational companies.
- Mentors have enjoyed sharing their "inside" perspective and teaching law students the art of applied TP.
- The program successfully met ABA's goals and expectations despite the logistical difficulties that students and mentors faced due to the pandemic.
- The program will culminate with the Capstone at the ABA Tax Section's 2021 Virtual May Meeting, during which mentee teams will present their analyses of complex legal and economic issues presented by the Tax Court's 2017 *Amazon.com v. Commissioner* decision.



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Structure and Timetable

TP C2B has a two-stage structure—

- (1) At Stage 1, **each corporate TP practitioner is matched with 1-2 students** (law or LLM students, or Masters of Taxation / Economics students), **periodically engages with the student(s)**, and includes the student(s) in certain team discussions and/or projects over the course of the academic year.
- (2) Stage 2 involves a **sophisticated case study exercise** offered on a Thursday afternoon **in conjunction with the ABA Tax Section May Meeting**. The students and practitioners are invited to participate alongside TP lawyers and economists in a friendly “mock debate” followed by a networking cocktail reception.

2021-22 Timetable

The program **kicks off on October 1st 2021** and **culminates in mid-May 2022**. Every summer, a new cohort of C2B entrants will be selected and assigned to mentors. For 2021-22, all TP C2B **interactions can be remote/digital or in-person** and is left to both parties to decide.



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Mentors' Roles and Responsibilities

Criteria: Every Mentor must be a full-time member of a corporate tax/transfer pricing team.

Assignment: Mentors are assigned 1-2 mentees who are enrolled in full-time degree programs (LLM, MS Taxation or Economics) at reputable universities. Each Mentor/Mentee engagement runs for a minimum of one academic year and a maximum of two academic years.

Cadence: Mentors should provide their Mentees with meaningful guidance at regular intervals (> 1x month).

Content: Mentors have complete authority/autonomy as to what meetings and content to share with their Mentee(s). Suggested engagement topics are provided in the Appendix.

No Obligation: Mentees are not interns; TP C2B is not a formal or informal employment contract between the Mentor's company and the Mentee or his/her educational institution.

Oversight: An ABA TP Committee member acts as the Mentor's program liaison, checking in with the Mentor at least quarterly to ensure that the program is proceeding smoothly.

Standard of Conduct: Trust, good faith and responsible actions by both parties are expected behaviors.



Mentee Selection and Responsibilities

Criteria: Every Mentee must be a full-time student enrolled in a full-time degree program (law, LLM, MS Taxation or Economics) and in good academic standing. Mentees must be quick learners, good communicators and possess a high degree of maturity. Students with prior corporate employment are preferred but this is not essential.

Application Materials: Prospective mentees should submit a resume and cover letter by email to ABATPMentoring@gmail.com no later than **September 15, 2021**.

Selection Process: Mentee applications are screened by the ABA TP Committee. Selected applicants are matched with in-house practitioner Mentors, as available.

Oversight: An ABA TP Committee member acts as the Mentee's program liaison, checking in with the Mentee mid-year to ensure that the program is proceeding smoothly.

Standard of Conduct: The program is a valuable asset for Mentees throughout their careers, and selected students will fully understand the responsibility of engaging with a large multinational corporation's transfer pricing function and maintaining cordiality and confidentiality. Trust, good faith and responsible actions by both parties are expected behaviors.



2021-22 Capstone Exercise

The **Capstone Exercise** is held in conjunction with the ABA Section of Taxation May Meeting, typically held in person in Washington, DC. It will consist of—

- (1) A **case study exercise** involving a **sophisticated, realistic TP fact pattern** in which TP C2B students and willing practitioners will participate alongside TP lawyers and economists in a **friendly “mock debate” or analytic exercise** that challenges the students to apply not only the knowledge they’ve gained in the classroom but also the insights into corporate TP practice acquired through their mentoring relationships.
- (2) A **cocktail reception** at which case study participants can **cultivate their professional networks**, reconnect with old friends, and make new ones.
- (3) May 2022 Capstone date is TBD.



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APPENDIX: MENTORING TOPICS AND PATHS

TP C2B: A Mentorship Program Sponsored by the
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Suggested Engagement Topics

Possible discussion topics for mentor-mentee engagements include:

- **Documentation:** considerations for scope and depth of section 6662/OECD documentation; internal and external inputs and drivers of LE selection
- **Organization:** how tax departments are organized administratively and functionally; level, roles and responsibilities, division of work between in-house and external resources
- **Corporate Interface:** how tax and TP teams interface with Finance (Accounting, Treasury, FP&A) and Operations (Manufacturing, Procurement, Supply Chain)
- **Quarter/Annual Closing:** calendars and interface; true-ups, prospective transfer pricing, and why they're critical
- **Operational TP:** how transfer prices are set for products, parts and services – when, how and why
- **“Realistic Alternatives”:** case study of a recent publicly announced acquisition or restructuring and understanding from tax and business development teams what realistic alternatives were contemplated
- **Risk and Investment:** understanding the company's total cost of capital (as an indicator of risk)
- **Technology and Marketing Intangibles:** join a functional analysis call with marketing or R&D business leaders to hear their take on value creation (and contrast with how U.S. and OECD TP guidance consider value creation from a market perspective)



Sample Framework

A framework for mentor-mentee engagement could encompass the following modules:

- 1. TP Fundamentals:** especially if mentee's baseline TP knowledge is limited, mentor and mentee walk through a "what is TP" training deck (which could be supplied by the TP Committee liaison), tuning the discussion to the level of the mentee's prior knowledge and emphasizing operational application/interpretation of TP concepts
- 2. Organization/Functions:** mentor explains how tax departments are organized administratively and functionally; how tax and TP teams interface with Finance and Operations
- 3. TP Controversy:** mentor and mentee examine common corporate TP issues through the lens of publicly available materials (e.g., court decisions, Forms 10-K, press releases), relating those issues to the mentor's own audit and/or litigation experience as confidentiality concerns allow
- 4. TP Maintenance:** mentor explains the annual documentation process and decision drivers; mentee participates in a functional analysis interview with a marketing or R&D business leader conducted for regular documentation purposes
- 5. TP Planning:** mentor and mentee discuss, e.g., how the company thinks of realistic alternatives and business strategies around transforming product lines, geolocation of facilities, or organizational changes

Themes and any learning materials could be guided by the mentee's academic discipline and interests (e.g., court decisions as vehicles for discussing corporate TP issues with law students).



Sample Curriculum

- **Session 1 - Introductions/Assessment:** make introductions; baseline mentee's academic background, work experience, and TP knowledge
- **Session 2 - TP Fundamentals:** walk through a "what is TP" training deck, tuning the discussion to the level of the mentee's prior knowledge and emphasizing operational application/interpretation of TP concepts
- **Session 3 - Organization/Functions:** how tax departments are organized administratively and functionally; how tax and TP teams interface with Finance and Operations
- **Session 4 - TP Controversy:** examine common corporate TP issues through the lens of publicly available materials, relating those issues to the mentor's own audit and/or litigation experience as confidentiality concerns allow
- **Session 5 - Q&A:** mentee supplies discussion questions/topics and identifies areas of interest
- **Session 6 - TP Maintenance:** mentee participates in a functional analysis interview with a marketing or R&D business leader conducted for regular documentation purposes
- **Session 7 - TP Planning:** discuss, e.g., how the company thinks of realistic alternatives and business strategies around transforming product lines, geolocation of facilities, or organizational changes
- **Session 8 - Q&A:** mentee supplies discussion questions/topics
- **Session 9 - Capstone Preparation:** discuss background issues and guidance on preparation for Capstone
- **Session 10 – Capstone Review:** discussion/feedback on mentee's draft Capstone analysis

