



Bundeszentralamt
für Steuern

Case Study: “Funny Cars” or “Fun (?) with Cars”

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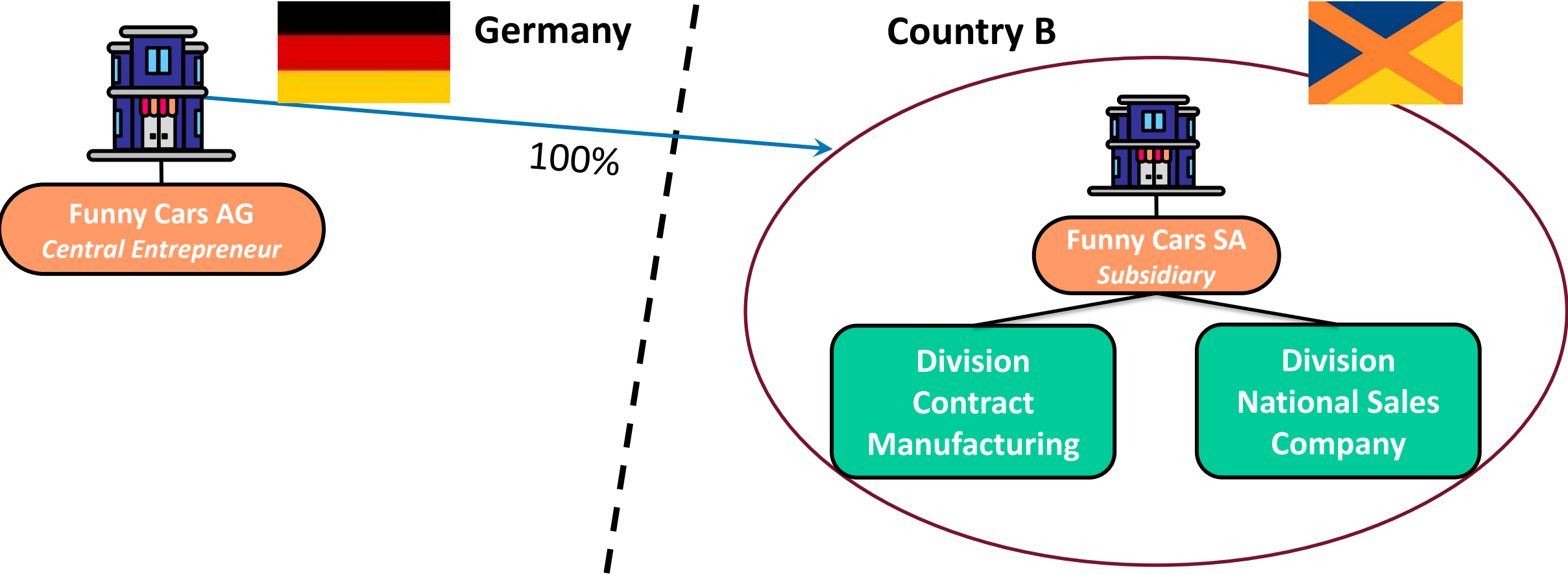


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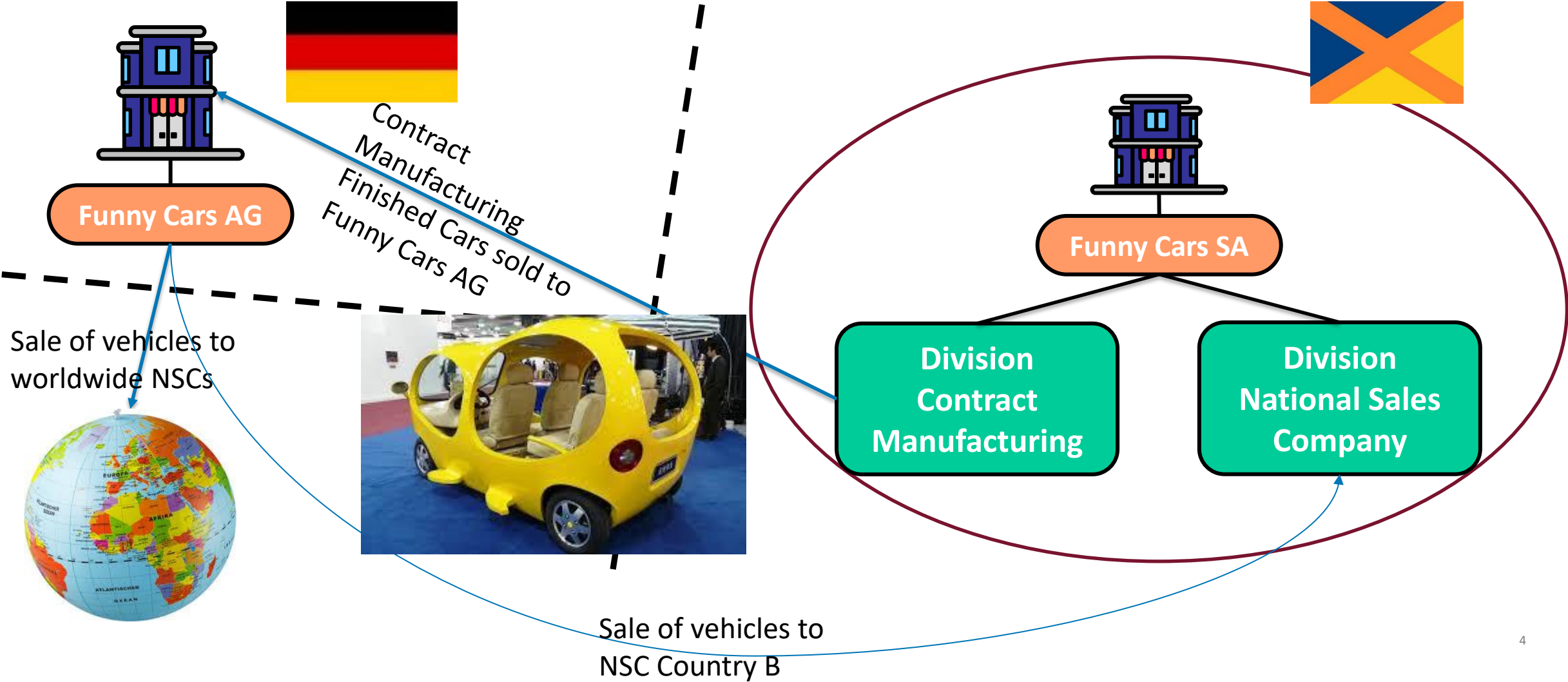
Questions:

1. Is the Tested Party “one” legal entity or different divisions?
2. How to handle Upfront Cost from change of production?
3. Performing a Term Test or a single year test? If Term Test: How long is a “Term”?
4. Which years should a benchmark analysis include?
5. How to deal with Local Tax Audit adjustments during the negotiation/APA period?

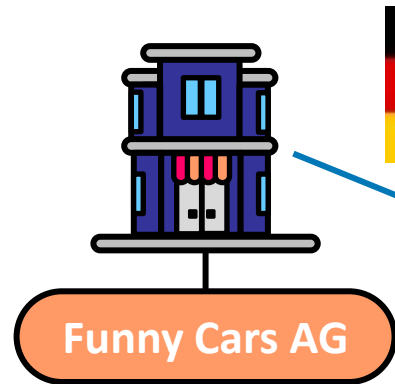
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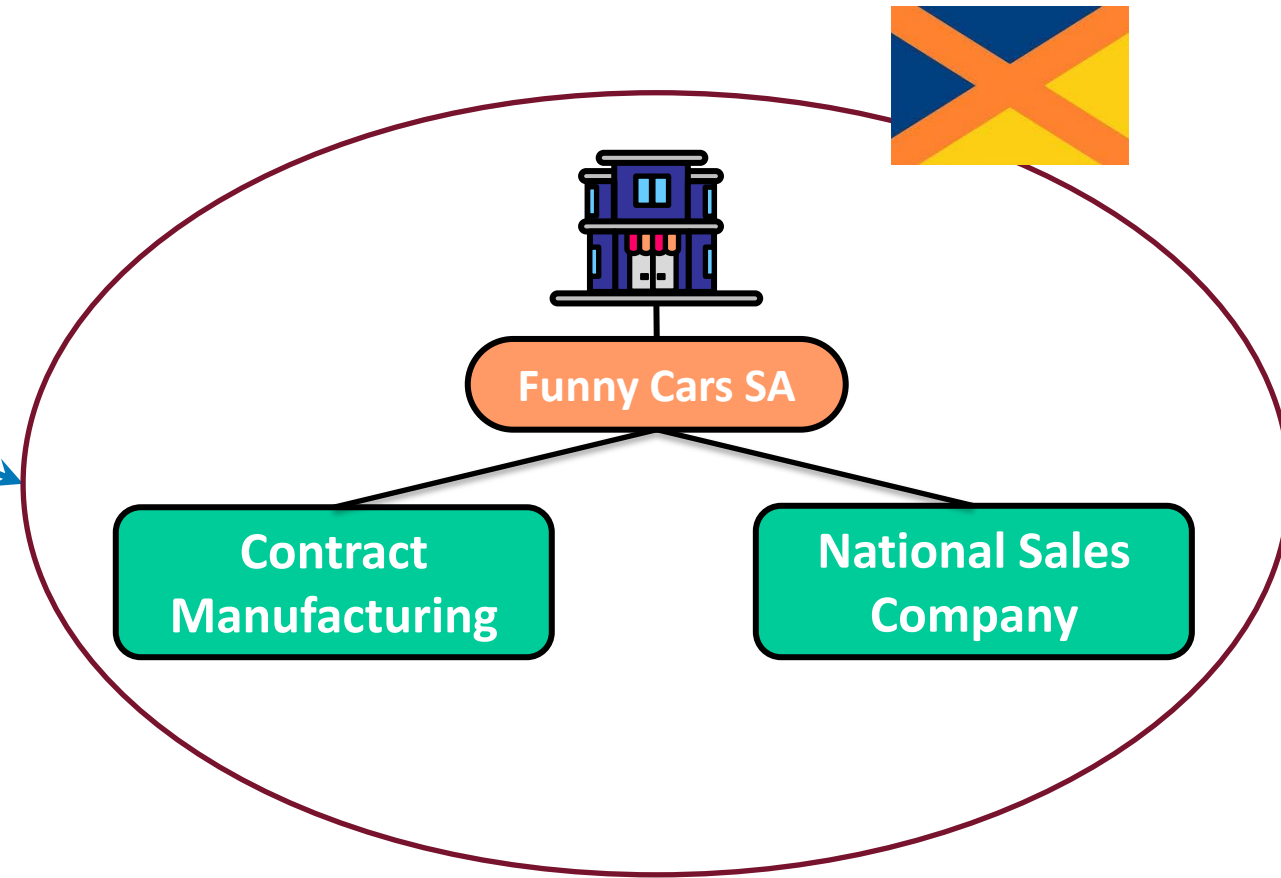


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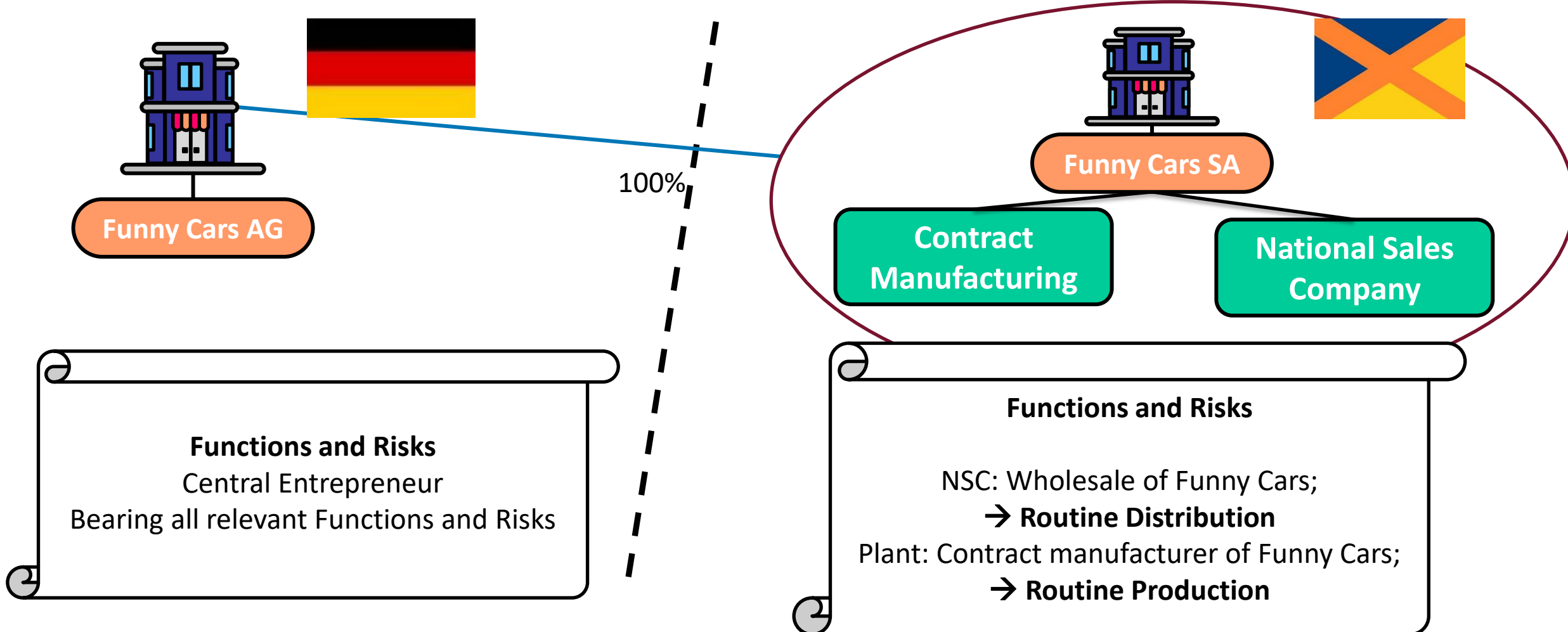


Transactions:

1. Purchase of automobiles and parts from Funny Cars AG to Funny Cars SA for sale (Distribution)
2. Sale of finished vehicles/parts from Funny Cars SA to Funny Cars AG (Manufacturing)
3. Sale of components/parts from Funny Cars AG to Funny Cars SA (Manufacturing)

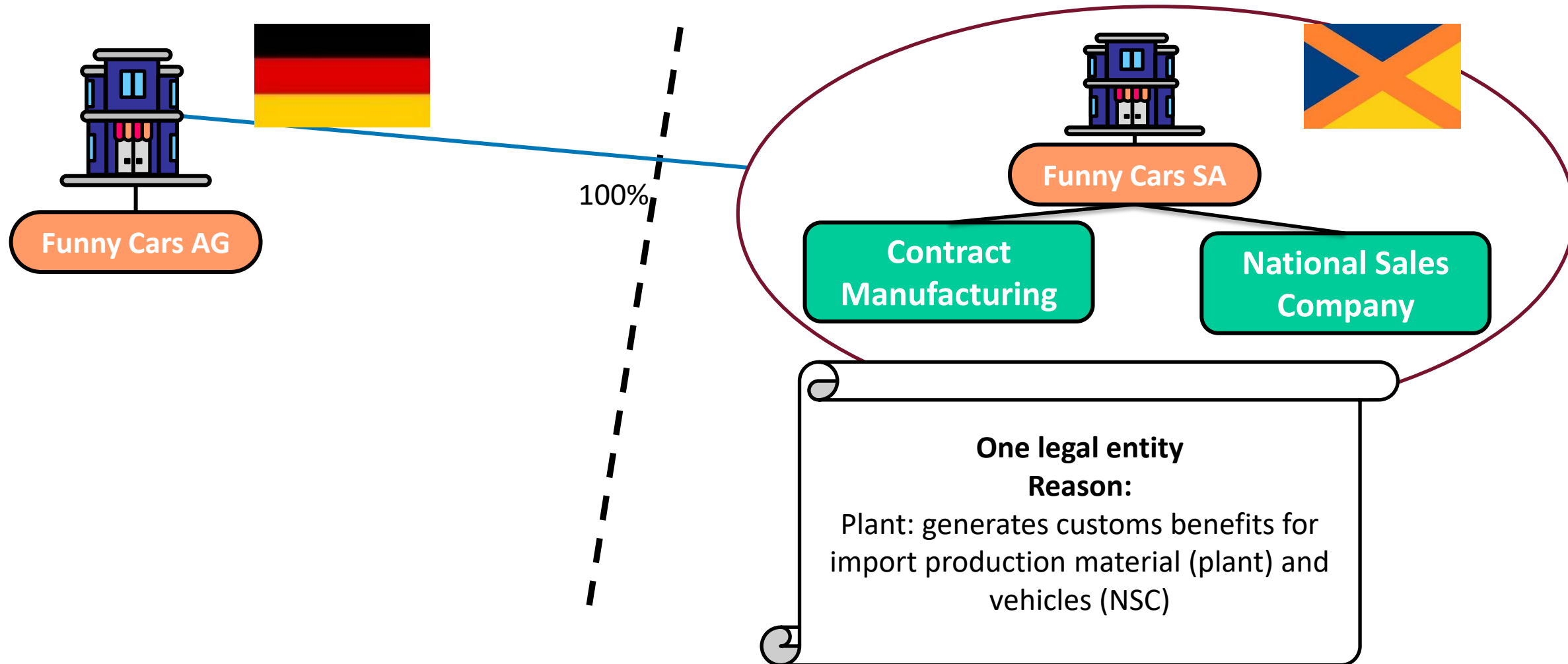


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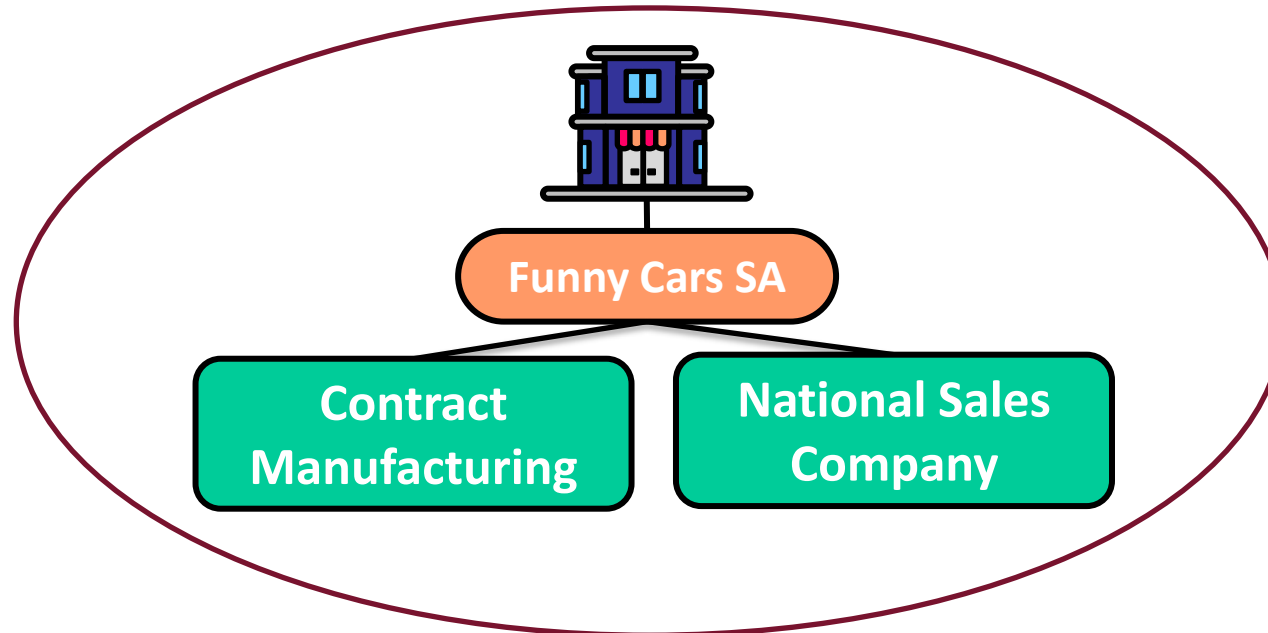
Question 1: Whole of entity approach or separate approach?



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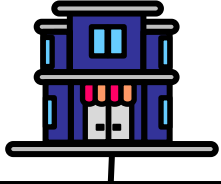
Question 1:

Is the Tested Party “one” legal entity or different divisions?



Case Study: “Fun (?) with Cars”

Question 2: Treatment of the Pre-Production Costs?



Funny Cars SA

Production Change 2021/22



2018

2019

2020

~~2021~~

2022

2023

2024



X-Series

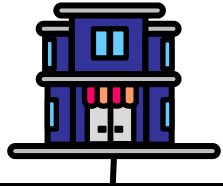


Y-Series

Special Issue Plant: The Plant produces the Funny Cars X-series until February 2021. In 2021 and 2022 the plant converted to enable the production of the next generation Funny Cars Y-Series. The Plant manufactured the last of X-Series vehicles in February 2021. After a significant investment to convert the plant, the SOP of the new Funny Cars Y-Series commenced in April 2022.

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Question 2: Treatment of the Pre-Production Costs?



Funny Cars SA

Production Change 2021/22



2018

2019

2020

~~2021~~

2022

2023

2024



X-Series



Y-Series

Special Issue Plant: The costs for the production change were accumulated and distributed over the product life cycle of the new model.

Example: The “Pre-Production-Costs” are 20,000,000 €; the planned amount of the Y-Series life cycle is 2 Million Cars. With every produced car 10 € will be extra charged to Funny Cars AG for reimburse the “Pre-Production-Costs”.

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Question 2:

How to handle Upfront Cost from change of production?

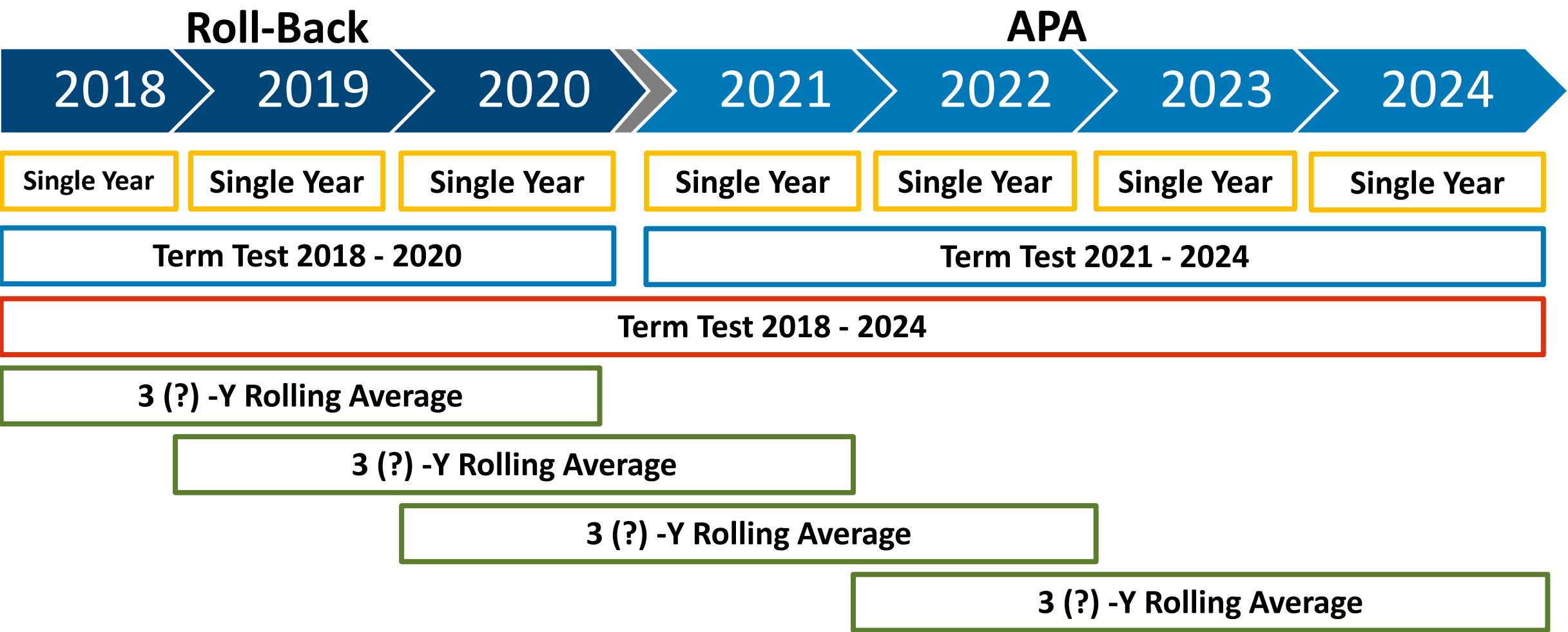
2018 > 2019 > 2020 > ~~2021~~ > 2022 > 2023 > 2024



Pre-Production-Costs: 20 Mio€

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Question 3: Single Year vs. Term Test? How long is a term?



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Question 3:

Performing a Term Test or a single year test? If Term Test: How long is a “Term”?

Single Year

Term Test 20XX - 20XX

Rolling Average

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Question 4: Benchmark analysis – which years to include?



Benchmarking options

Benchmark Tested Years	Benchmarking Every single Year	Benchmarking Term Test (ex ante)	Benchmarking Term Test (ex post)	Term Test (Rolling Average)
Tested Year 2019	2019	2016-2018	2017-2019	x
Tested Years Term: 2018-2020	2018, 2019 and 2020	2015-2017	2018-2020	x
Tested Years Term: 2018-2024	2018, 2019, 2020, 2021, 2022, 2023 and 2024	2015-2017	2018-2024* *latest available	x
Tested Years 3y- Rolling Average	2018, 2019 and 2020	2015-2017	2018-2020	2016-2018 2017-2019 2018-2020

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Question 4:

Which years should a benchmark analysis include?

**Benchmark Analysis
Single Year**

**Benchmarking Analysis Term
Test**

**Benchmarking Analysis
Rolling Average**

Ex ante (before requested Years) or Ex post (for requested Years)

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Question 5:

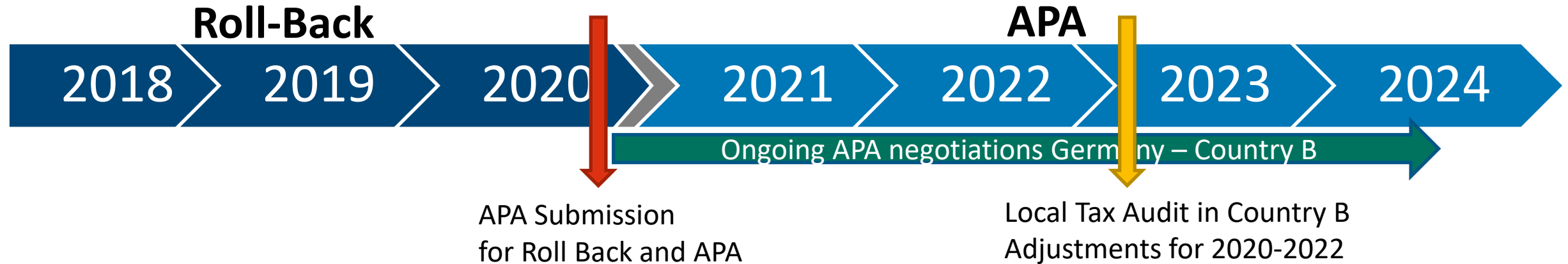
How to deal with local tax adjustments?

Or: Unfriendly Action? - Come on, behave!

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Question 5: How to deal with local tax adjustments?

Or: Unfriendly Action - Come on, behave!



	2019	2020	2021	2022
OM NSC Taxpayer	2.25%	0.5%	1.25%	3.13%
OM NSC Local Tax Audit	-	3.4%	3.4%	-
C+ Plant Taxpayer	5%	4%	0.2%	0,5%
C+ Plant Local Tax Audit	-	-	7.5%	7.5%

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I wish you Merry Christmas and a appropriate Christmas present

“Cristiano Ronaldo Got A \$340k Rolls Royce For Christmas From His Girlfriend”



Thank you very much for your attention!

Contact

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