

# CENSIO

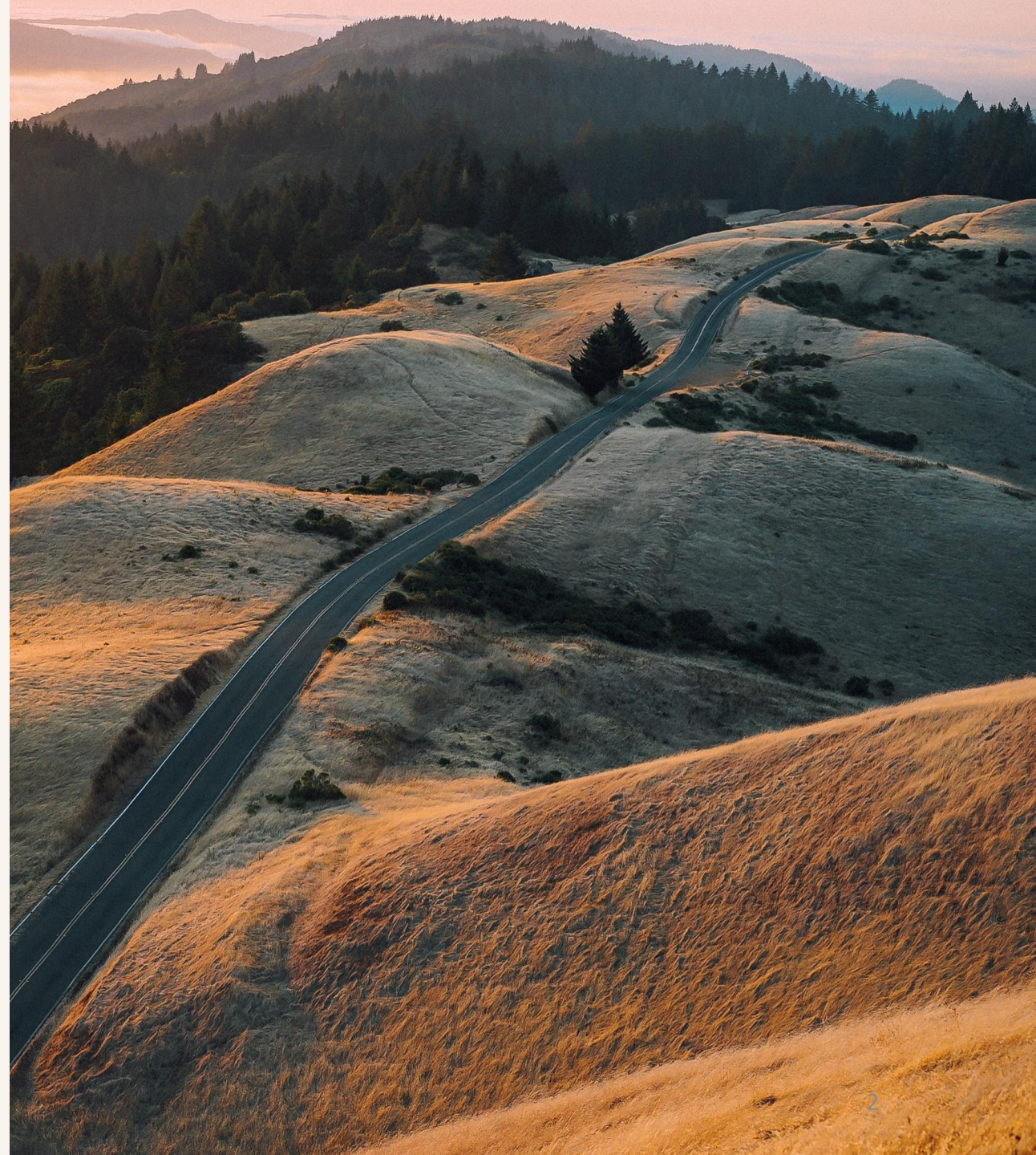
Transfer Pricing Survey 2021  
Sweden

November 17, 2021

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Find out what  
companies  
really think  
about TP!





# Introduction

Censio Tax asked practitioners in Swedish companies how they actually work with Transfer Pricing (TP), how prioritized TP is today and what the most time consuming tasks are right now.

This report presents the highlights and tips about how we all can simplify our TP-life!

Since this is an annual survey we can compare 2021 with 2020. Exciting stuff.

Want to know more about the survey or just want to discuss TP?

- ❖ Website [www.censiotax.com](http://www.censiotax.com)
- ❖ LinkedIn [www.linkedin.com/company/censiotax/](https://www.linkedin.com/company/censiotax/)
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# Highlights

- ✓ **78% still spend most of their time on compliance** such as master/local files
- ✓ 90% had not been subject to a new TP audit in Sweden the last 6 months – however, many have ongoing TP-audits in other jurisdictions
- ✓ **14% of the respondents lack a proper test section in the local files** – compliance risk!
- ✓ 93% of the TP-personnel expects more questions from tax authorities
- ✓ **Only 45% of the non-TP personnel state that they update all/most relevant local files**, while 93% of the TP-personnel seem to have full control of the documentation process
- ✓ 71% of TP-personnel use (usage: 13%) or are actively discussing sourcing TP software tool

# About us

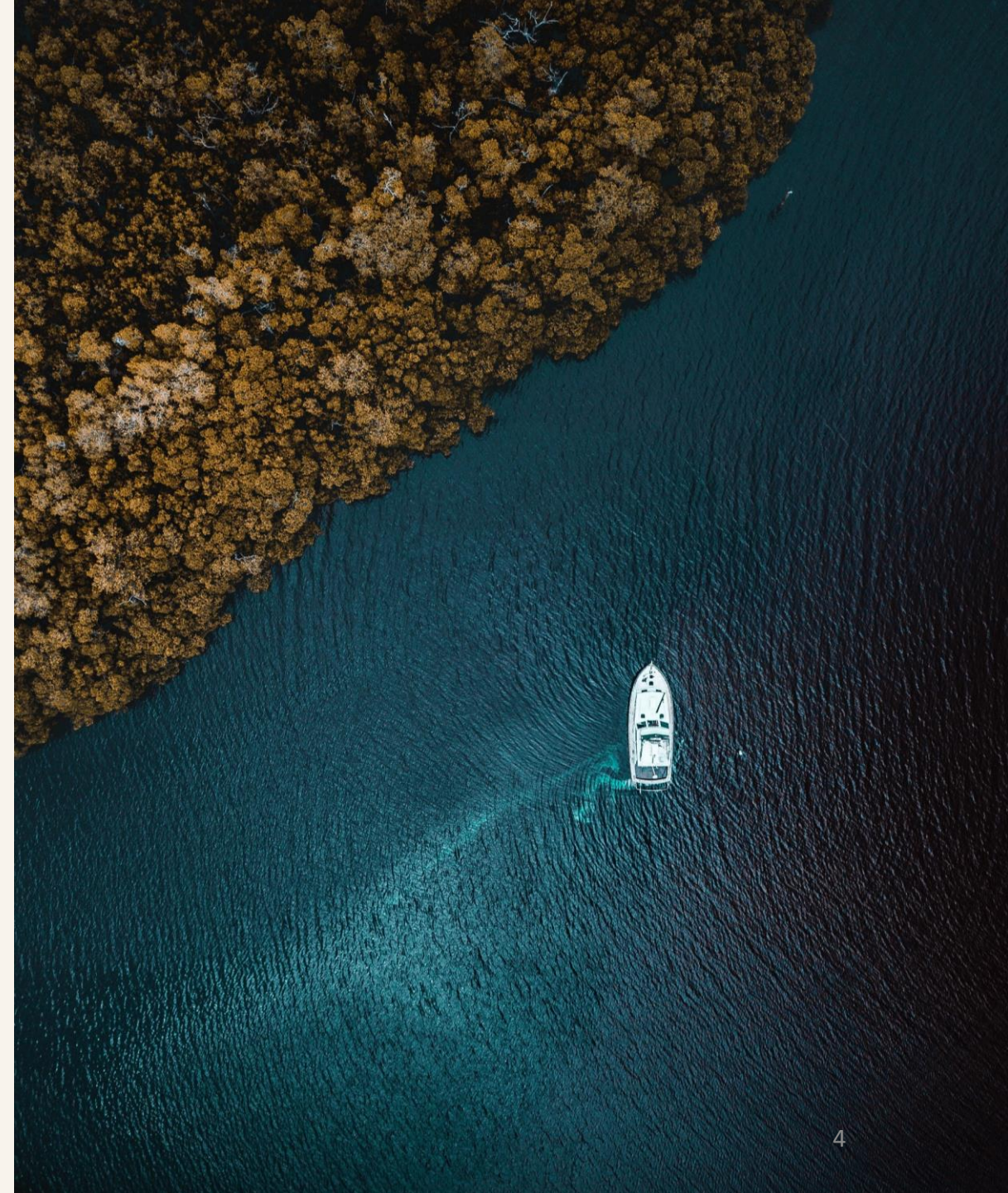
Censio Tax is an independent transfer pricing consulting firm based in Stockholm, Sweden.

We work with some of the greatest and largest companies in the Nordic region.

We assist companies with the increased compliance requirements with a focus on *simplifying* the administrative process and provide pragmatic advice in line with the latest regulatory developments.

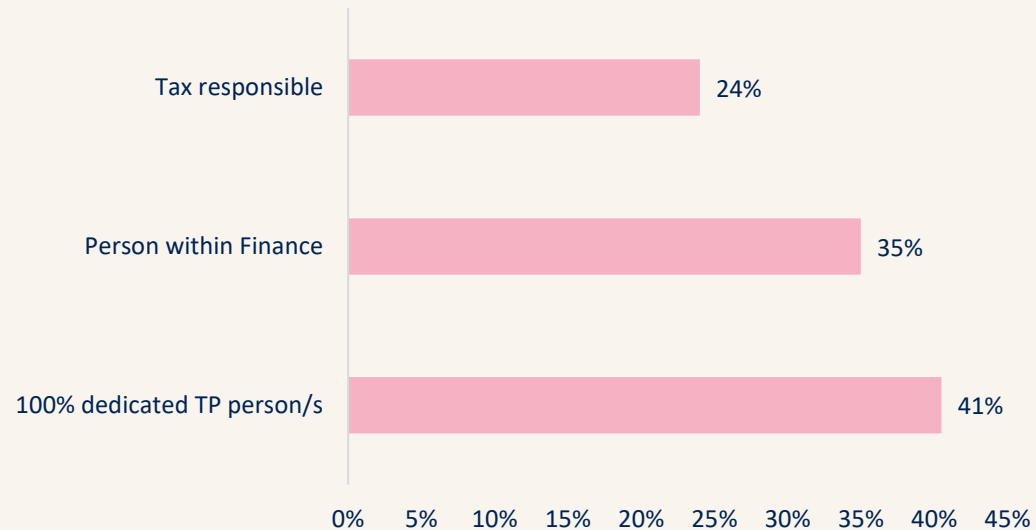
We work closely with our clients to implement policies and processes to achieve a sustainable and efficient administration for transfer pricing matters.

Censio Tax is a member of FAR and the global Quanterra transfer pricing network.



# Who manages TP questions and how prioritized is TP?

## 1. Who handles TP 2021

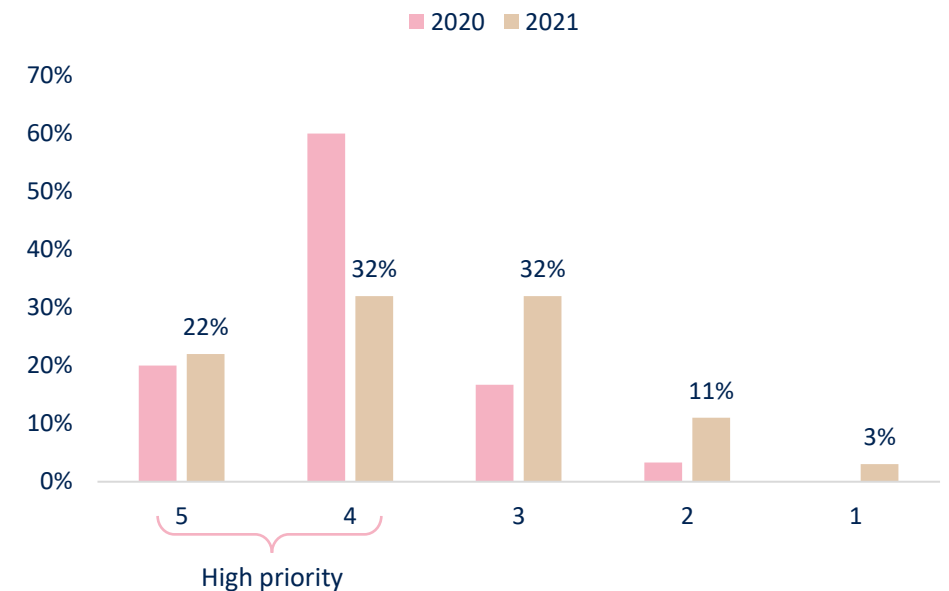


Our respondents include some of the largest companies in Sweden which is reflected in the 41% (37% in 2020) having a dedicated TP resource.

In most small to mid-size groups, the Finance department still handles TP matters.

No significant differences between 2020 and 2021 results.

## 2. How prioritized is TP

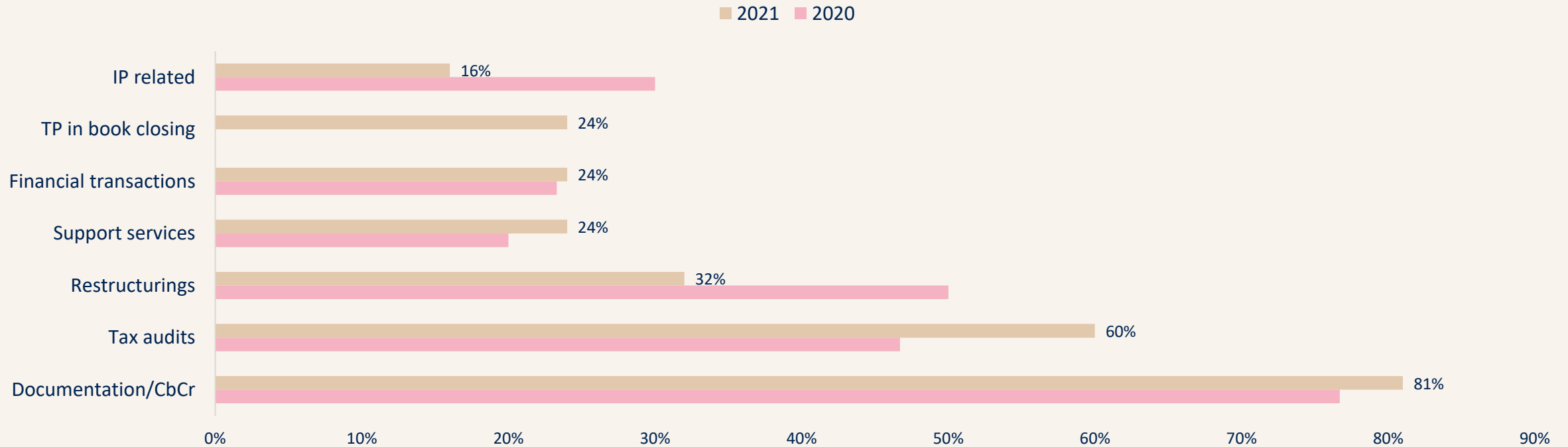


**55%** list TP as a high priority area. Interestingly enough TP is somewhat lower prioritized in 2021 compared to 2020. Based on discussions with our respondents the prioritization is mostly based on lack of resources.

TP often includes material transaction volumes and is also important from a sustainability perspective – not many companies want to appear in media headlines about tax penalties and surcharges.



### 3. Most important TP matters 2020 vs 2021

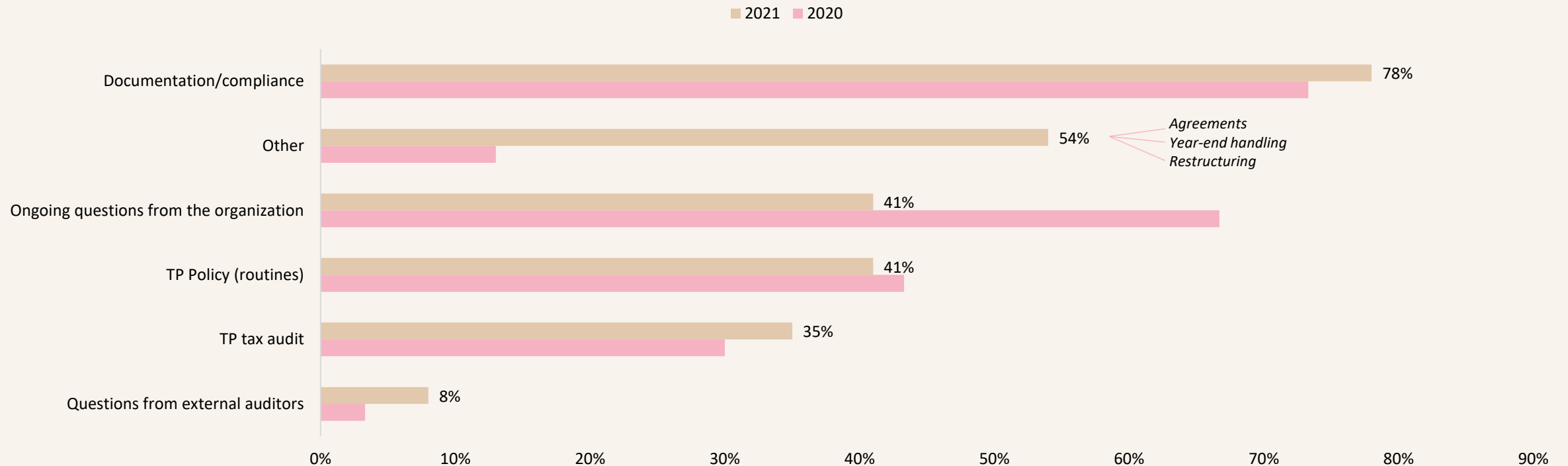


The compliance matters continue to dominate the TP agenda. More companies focused on IP/restructuring related matters in 2020 (Covid effects?) whilst tax audits are more important in 2021. Tax audits increase (**47% to 60%**) in importance due to a significant increase of TP-audits outside of Sweden.

With a structured continuous process the compliance should be downgraded in importance.

\*The respondents selected up to three issues that they consider most important.

## 4. Most time consuming TP matters

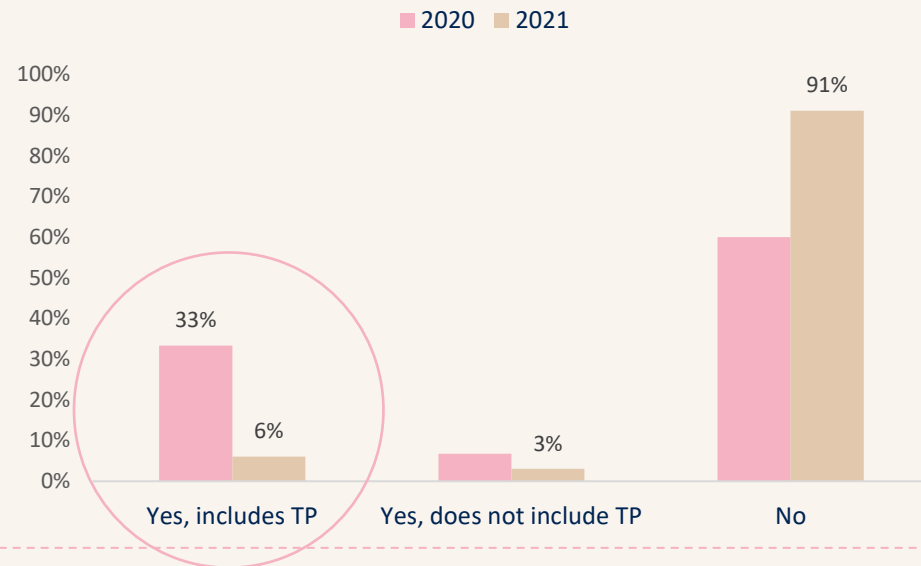


The compliance matters are still most time consuming for most companies. Only a few of the respondents have implemented a TP-software tool for documentation → documentation/compliance could be an area which could be easily made less time consuming.

\*The respondents selected up to three most issues they consider most time consuming.

# New tax audits covering TP in Sweden and future enquires

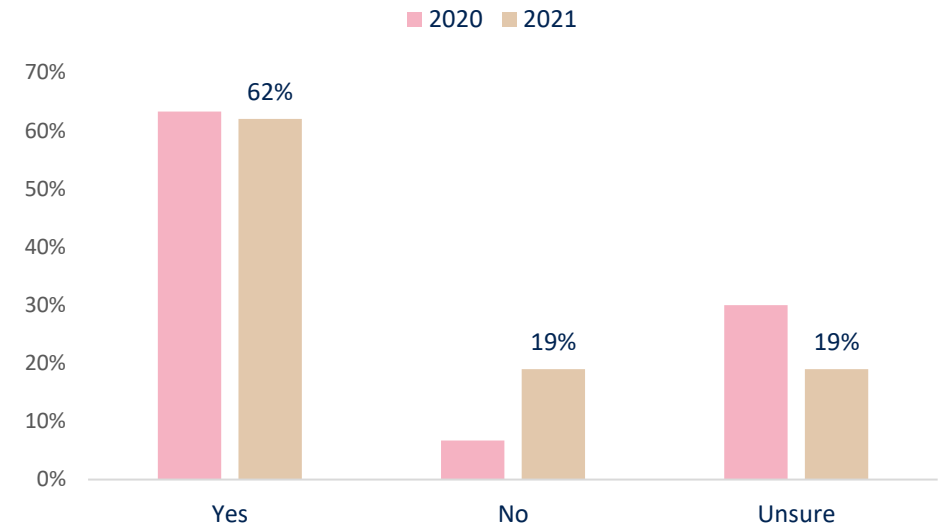
## 5. Have you been subject to a new tax audit in Sweden during the past 6 months?



Interesting! **The number of new TP audits in Sweden has significantly decreased for the respondents.** However, most of our respondents have experienced a dramatic increase in tax audits in other jurisdictions as illustrated in question 3 where 60% of the respondents state that TP tax audits are among the most important matters.

As the companies start to recover and the Swedish tax authority start to focus on audits again, we have reason to expect an increase in number of audits in Sweden as well.

## 6. Do you expect more TP related questions from tax authorities and/or other external parties next year?

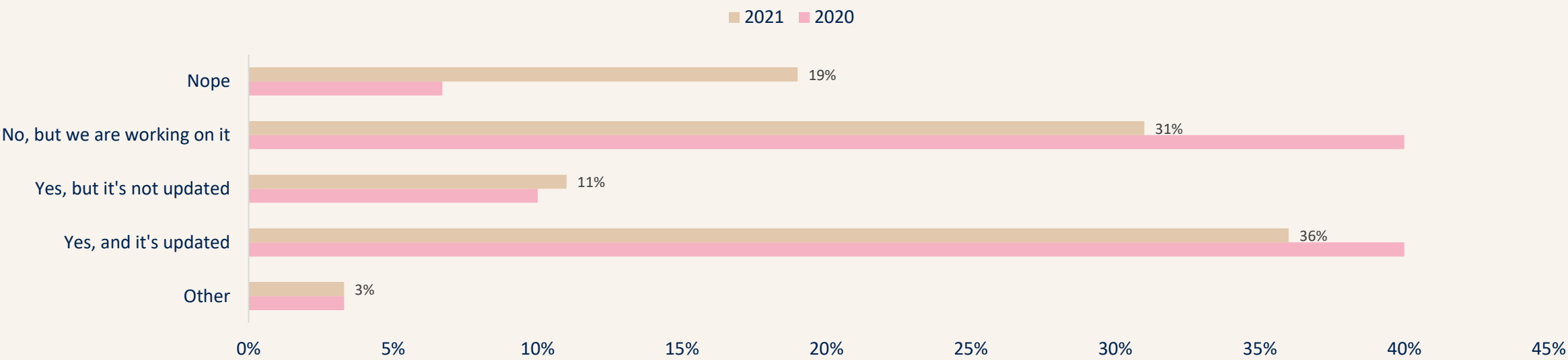


Although the number of new TP audits in Sweden has decreased most companies still expect more questions from external parties.

**93% of the full time TP-personnel state that more questions are expected.**



# 7. Do you have an internal TP manual with explicit roles and responsibilities for the TP process?



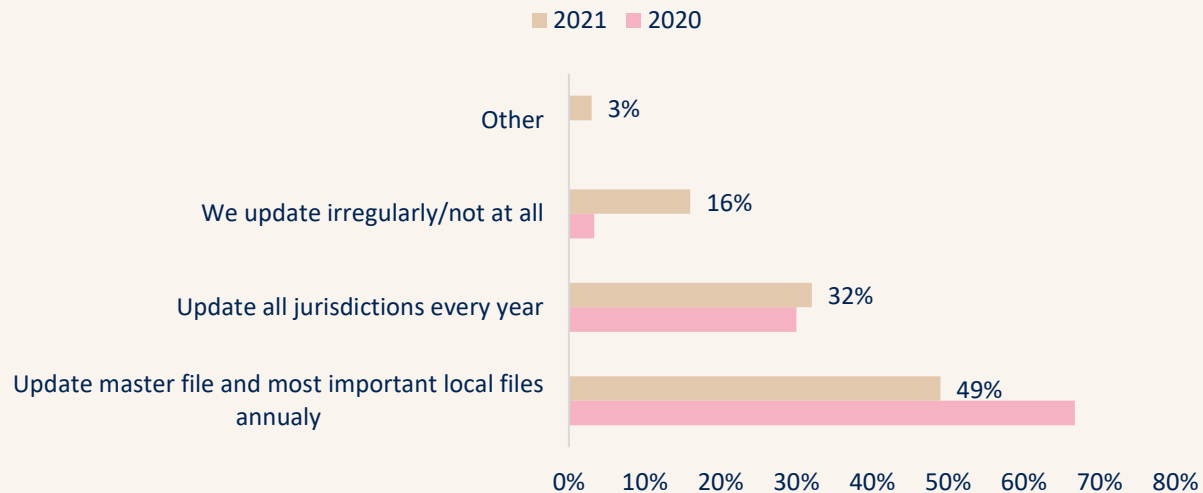
**78%** of the respondents in 2021 either have a manual or are working on it. Great!

A policy is commonly used for external stakeholders. A manual aims to simplify the day-to-day work with clear responsibility allocations, account handling, adjustment processes, invoicing routines and covers most reoccurring questions.

**A manual is the fastest way to saving time!**

# How do companies work with TP documentation

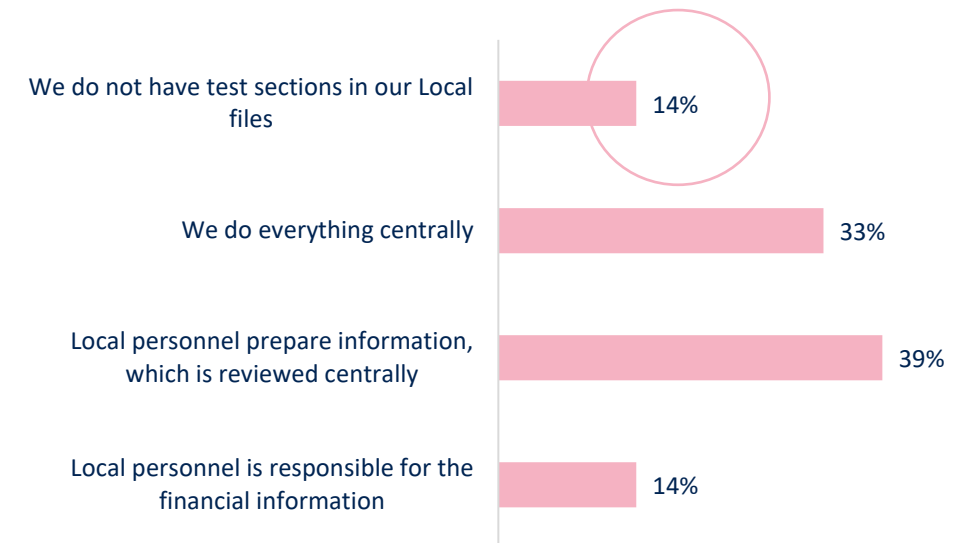
## 8. How do you update your TP-documentation?



Over 80% either update local files for all- or the most important jurisdictions annually.

Best practice is to focus on the most important jurisdictions and being prepared for questions for the less prioritized countries. Priority considerations should include transaction materiality, local regulations and local extraordinary events.

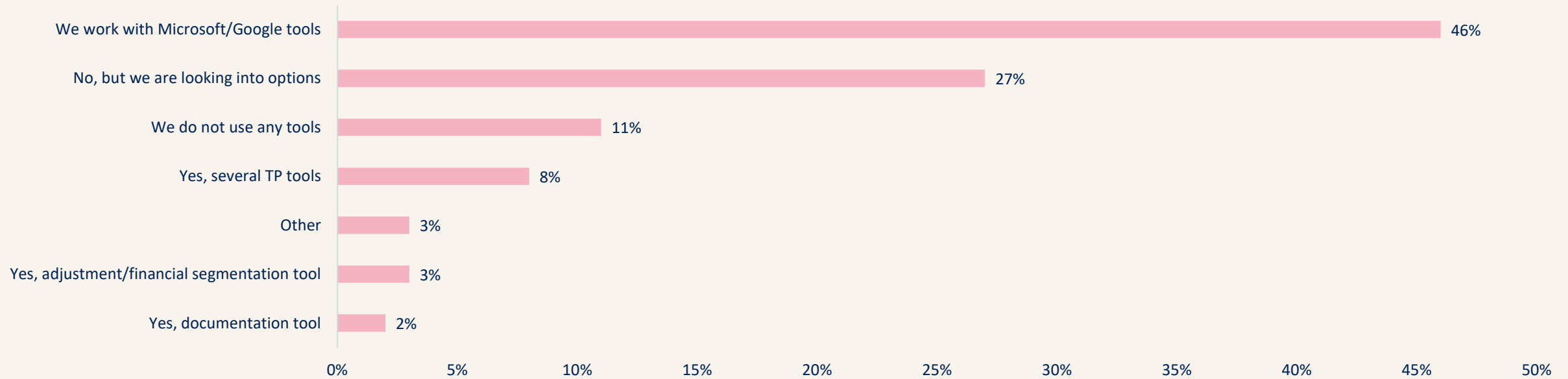
## 9. How do you present the test sections in the local files?



The purpose of the local files is to show that the pricing was at arm's length. 14% do not have test sections in the local files and our experience is that many companies do not have proper test sections. This is a compliance risk and not in line with documentation regulations.

We recommend to ensure that the pricing and testing are correct. Thereafter focus on the compliance documentation.

## 10. Have you implemented any TP-software solution?

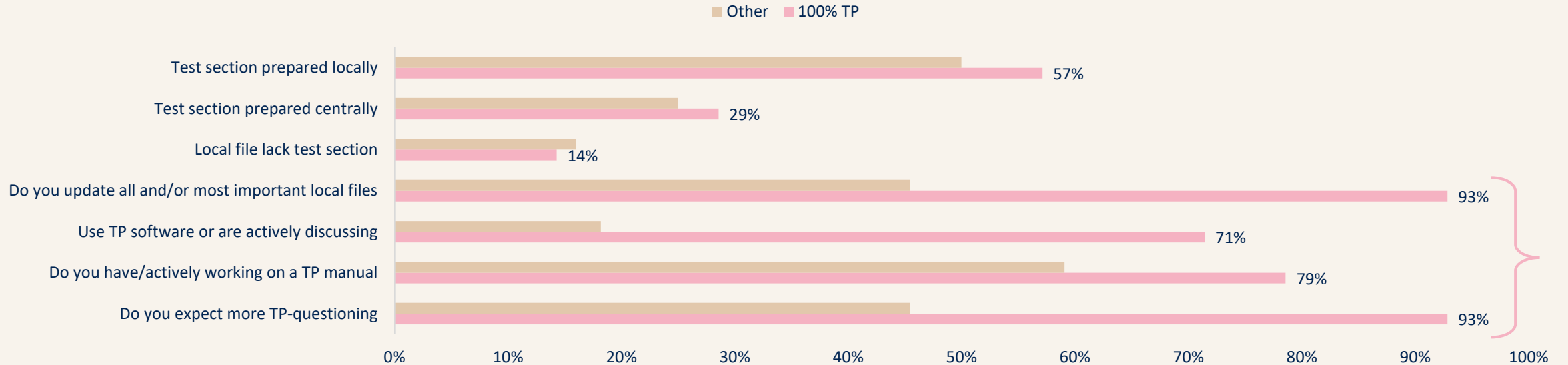


13% of the respondents use dedicated TP software (same % as in 2020). It seems that the early adapters have already implemented TP software and most companies are still looking into options. The 46% using Microsoft/Google tools were happy with the current tooling situation showing that there is potential to improve processes using existing software.

**Tips:** Don't try to solve 100% day 1. Focus on the most time consuming and critical matters. Digitalization doesn't need to entail long and expensive implementations. There are plenty of plug-in solutions and potential in Microsoft tools out there! We would be happy to discuss options.



# What can we learn from companies with 100% TP-dedicated personnel?



So what do the 100% dedicated TP-personnel do and think differently compared to the non-TP people?

1. The local file test section preparation does not differ significantly – most companies rely on local subsidiaries for their test sections and 14-16% do not have test sections
2. **TP personnel ensures that the TP-documentation is updated** – 93% compared with 45% for the others
3. 71% of the TP personnel use or (most) actively consider TP-software compared with 18% for the others
4. 79% of TP personnel have or are working on a TP-manual
5. **93% of the TP-personnel expect more questions from tax authorities/external auditors** compared with 45% of the others

# Background & details

- ❖ Censio Tax shared transfer pricing-related questions with Swedish multinational companies during October 2021
- ❖ The purpose of the survey is to capture local Swedish TP-trends and best practice
- ❖ The 2020 survey was conducted during August – September 2020
- ❖ The 2021 survey had 23% more respondents compared with 2020
- ❖ Most of the respondents from 2020 have also participated in 2021
- ❖ Most of the respondents have tax departments or dedicated tax and/or TP-personnel
- ❖ All responses are 100% anonymous and the answers cannot be tracked to any individuals or companies
- ❖ Contact us for more details or feedback!

# Contact

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