

**DISCUSSION OUTLINE**  
**PERSONAL INTERVIEWS**  
**CURRENT & FORMER PROGRAM PARTICIPANTS**

**1. Introduction**

This research project is being conducted for Canada Customs and Revenue Agency. We are not asking you for any confidential information about you or your company. The purpose of the discussion today is to understand your attitudes towards the Advance Pricing Arrangement program.

*Introduce audio-taping only use for secretarial purposes, re-emphasize confidentiality - not trying to sell anything - will not identify anyone in report being produced for the Agency. Go by first names only*

As you were told when you agreed to participate in this interview, the Agency has operated an Advance Pricing Arrangement program to deal with international transfer pricing issues since 1993. They have decided to undertake a research project to better understand the current and future intended use of this program and how to improve it. To this end, a series of personal interviews are being conducted with senior representatives of organizations that have had experience with the APA program.

Is your company a current participant in the APA program? For how long has your company been, or was your company, a participant of the program?

Has your organization completed an APA or is it in the process of completing an APA (or have withdrawn)? Is it (was it) a bilateral or unilateral arrangement?

**2. International Transfer Pricing**

I would like to ask you some general questions about international transfer pricing.

Is this an issue that is growing in importance, staying the same or decreasing in importance for your company? Why do you say that?

Does transfer pricing play a role for your company in the following:

- Sale of products / services / rental/ licensing of intangible properties
- Re-organization of supply chain
- Mergers
- Acquisitions
- Expansions

Is transfer pricing considered a core management tool, (eg. one that is used to create or return strategic advantage to your organization), or is it considered an audit / compliance matter? Probe.

### 3. **Advance Pricing Arrangement (Preliminary)**

At one point, your organization decided to participate in the Advance Pricing Arrangement with the Agency.

Can you tell me how you became aware of this program? Probe. Internal source? Tax Advisors? The Agency?

What were the main positive considerations that persuaded your company to participate in the program? Probe.

What were the negative considerations, if any, that were weighed into the decision-making process?

Who primarily made the decision to participate in an APA program? What title of the person? Was it driven mainly by the parent company or a subsidiary?

In general was your decision to participate in the APA driven by a desire to achieve positive benefits or to avoid negative consequences?

What were your expectations for the APA program? Probe for expected benefits. Reduced costs. Length of time to complete. Reporting requirements. Direct and focussed assistance from APA staff. (Respondent may provide actual results at this point)

Were the Agency personnel realistic in the expectations they initially described to your organization?

In your view, and in the views of others, is the APA a dispute resolution channel that is growing in importance, staying the same or declining in importance?

#### 4. Advance Pricing Arrangement (Actual Experience)

Now that you have had some experience with the APA, can you tell me overall whether you have a very favourable, somewhat favourable, somewhat unfavourable or very unfavourable impression of this program? Probe for reasons.

What do you like about the program? Probe.

What do you dislike about the program? Probe.

Has your experience with the program met, exceeded or not met your expectations that we discussed earlier? Probe.

Do you strongly agree, somewhat agree, somewhat disagree or strongly disagree with the following statements based upon your experience with the APA program? (Probe for reasons why for each response.) (For the 6<sup>th</sup> statement) Probe into which costs are mentioned re: level- CCRA costs, Internal costs or External advisors)

- The APA is not an adversarial approach for the resolution of international transfer pricing issues
- The APA program provides complete confidentiality of my company's information
- Section 247 of the Income Tax Act applies to international transfer pricing between non-arm's length corporations and requires those taxpayers to develop and apply certain information. The APA is just an enhancement or tool to help meet the requirements of Section 247.
- The APA program provides a good forum for taxpayers to deal with transfer pricing issues in a cooperative manner
- The APA process takes much too long to complete
- The APA process is much too expensive relative to the benefits achieved by my organization
- The APA is geared primarily to the elimination of potential double taxation between Canadian taxpayers and their foreign related entities.
- The APA provides my organization with a discipline by providing a forum to present our arguments in resolving international transfer pricing situations
- The APA staff operate in a supportive fashion for my organization with the APA program
- One of the main benefits of the APA program is the "certainty of treatment" that it provides to our organization both for domestic and, if applicable, bilateral APA requirements of participating tax jurisdictions
- The on-going reporting requirements are much too onerous and diminish greatly the value of the APA program for our company
- One of the benefits of the APA is the assistance that the process provides in meeting the requirements of Section 247

## 5. Performance Of The APA Program

I would now like to focus on the performance of the delivery of this program.

Based upon your experience with the APA program, what does the APA program do for your overall impression of the Agency? Probe.

The APA program employs a team approach for negotiating. This team usually includes a lawyer, an accountant, a field audit representative and an economist. Generally, do you favour this team approach? What has been your experience with the specific professional components of the team?

Based upon your experiences with the APA team, what words come to mind to describe their performance with your company. Probe for as many unaided words or phrases.

I will now provide you with some words or phrases that might describe the APA program personnel. Based upon what you have experienced, on a scale of 1 to 5, would you say that these words apply a little or a lot? With 1 meaning a little and 5 meaning a lot and the numbers in between representing degrees of difference.

- Helpful
- Knowledgeable
- Able to anticipate difficulties or problems
- Flexible
- Skillful in negotiating
- Customer oriented
- Easy to work with
- Adaptable
- Open to different viewpoints
- Technical expertise in transfer pricing
- Cooperative
- Willing to give and take
- Bureaucratic
- Forward thinking
- Able to think out of the box
- Conscientious
- Reliable
- Works well with clients
- Willing to go the extra mile

**6. ASK ONLY OF FORMER APA PARTICIPANTS**

You indicated earlier that your organization used to be a participant in the APA program. Could you please explain why your company is no longer a participant?

Probe.

Corporate situation changed?

Benefits not realized?

High cost relative to benefits realized?

Poor guidance from APA program personnel?

Took too much time?

Too expensive?

Dispute differences of opinion / Differences of opinion

Lack of participation in the negotiations between the tax treaty partners?

Decision made by parent company to withdraw

Company is able to use initial APA methodology on their own in subsequent areas

**ASK ALL RESPONDENTS**

**7. Future Changes / Scope To APA Program**

What changes would you make to improve the effectiveness and efficiency of the program from the client's point of view? Probe.

Should the scope of the program be expanded? Probe. (Include permanent establishment issues, examining documentation, address some customs issues)

If you could only make one change to the program, what would that change be?

Without any changes, would your organization make the decision to participate over again? Would you recommend the program to other organizations? Why?

If the changes suggested by yourself were made, would your organization make the decision to participate over again? Would you recommend the program to other organizations? Why?

**THANK FOR PARTICIPATION. REVIEW HONORARIUM DETAILS**

Name: \_\_\_\_\_

Address \_\_\_\_\_

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