

AT RECEPTION / SECRETARY

RECRUITER: At receptionist, ask for tax professional involved in international transfer pricing.

Good morning/afternoon/evening, my name is _____ of Northstar Research Partners, an independent market research firm. We are currently conducting a study with tax professionals on behalf of the Canada Customs and Revenue Agency, formerly called Revenue Canada.

Could you tell me the name of the person I would speak to concerning international transfer pricing and Advance Pricing Arrangements. That is, I would like to speak to one of the tax professionals in your organization who deals with international transfer pricing issues and who has had some experience in dealing with the Agency's Advance Pricing Arrangement (APA) program.

Could I speak to one of those individuals please?

AT RESPONDENT

Hello, My name is _____, calling from Northstar Research. We are currently conducting a study with selected tax professionals on behalf of the Canada Customs and Revenue Agency. For this project, I need to speak to a tax professional who deals with international transfer pricing and who has had some experience in dealing with the Agency's Advance Pricing Arrangement program. We will not identify your individual responses to anyone, including the sponsor of the project, the Agency. All of your responses will be treated confidentially and only aggregate responses of all respondents will be reported to the Agency. We are simply interested in your opinions.

Are you such a person?

Yes

No

IF NO, ASK FOR THE NAME OF ONE TAX PROFESSIONAL AND RECORD BELOW

Tax Professional _____ **ASK TO SPEAK TO THAT PERSON REPEAT INTRODUCTION**

We are interested in obtaining your views on international transfer pricing and Advance Pricing Arrangements or APA's.

This survey will take 15-20 minutes. Is this a good time or can we arrange to call back at a time that would be more suitable to you.

CALL BACK DAY and TIME _____

1. Would you please tell me your correct title and professional designation? (Lawyer, CA, etc.)



SECTION ONE – INTERNATIONAL TRANSFER PRICING

I would like to ask about some international tax issues.

1. Please indicate on a 1-10 scale where 10 means it is very important and 1 means it is not important at all, the extent to which each of the following international tax issues are considered important for your clients in the next 12 years. The numbers in between represent varying degrees of difference. **READ & ROTATE LIST.**

[ROTATE LIST]	Not important at all					Very Important				
	1	2	3	4	5	6	7	8	9	10
Expansion of a tax treaty network	1	2	3	4	5	6	7	8	9	10
Customs Duties	1	2	3	4	5	6	7	8	9	10
Taxation of expatriate employees	1	2	3	4	5	6	7	8	9	10
GST	1	2	3	4	5	6	7	8	9	10
Foreign Affiliate rules (FAPI)	1	2	3	4	5	6	7	8	9	10
Permanent Establishment issues	1	2	3	4	5	6	7	8	9	10
Double tax relief	1	2	3	4	5	6	7	8	9	10
<u>eCommerce</u>	1	2	3	4	5	6	7	8	9	10
Transfer pricing	1	2	3	4	5	6	7	8	9	10

2. Is international transfer pricing an issue that is growing in importance, staying the same in importance or declining in importance for your clients?

Growing in importance	
Staying the same	
Declining in importance	

3. Can you tell me which of the following best describes how role transfer pricing is generally treated within your clients' organizations. Transfer pricing is.....(**READ LIST. ACCEPT ONE RESPONSE ONLY**) **ROTATE**

Integral part of operational management	
Part of strategic planning process	
Considered after strategic decision is made	
Treated mainly as compliance/ audit issue	
Not considered at all	



4. There are a number of factors that could shape the transfer pricing policies of an organization. Could you please tell me how important each of the following generally are to your clients in establishing their transfer pricing policies. Please indicate on a 1-10 scale where 10 means it is very important and 1 means it is not important at all. **READ & ROTATE LIST.**

[ROTATE LIST]	Not important at all										Very Important									
The maximization of global operating performance	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10
Efficient Financial accounting systems	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10
Bonuses and other performance incentives	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10
Documentation in preparation for audits	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10
Sourcing of products, materials and components	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10
Optimizing global tax arrangements	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10



SECTION TWO – CCRA APA PROGRAM

I would now like to ask you some questions about the Advance Pricing Arrangement Program operated by Canada Customs & Revenue Agency.

1. Are you aware of the APA program operated by Revenue Canada

Yes
 No

THE APA PROGRAM IS TO ASSIST CANADIAN TAXPAYERS IN PRE-DETERMINING INTERNATIONAL TRANSFER PRICING METHODOLOGIES ACCEPTABLE FOR THE PURPOSES OF THE CANADIAN INCOME TAX ACT AND WHERE APPLICABLE WITH THE VARIOUS INTERNATIONAL TAX TREATIES CANADA HAS WITH FOREIGN GOVERNMENTS. GO TO QUESTION 3

2. How did you become aware of the APA program? **ACCEPT ALL MENTIONS**

CCRA (Revenue Canada) personnel	
Client personnel	
Friend / Associate / Peers	
Reading CCRA Material	
Seminar / Conference	
Parent company of client	
Other -	

3. There are different methods of dealing with disputes regarding international transfer pricing issues. What is your overall impression of each of the following methods of resolving disputes? Do you have a very favourable, somewhat favourable, somewhat unfavourable or very unfavourable impression of **READ LIST. ROTATE. ACCEPT “DON’T KNOW” AS RESPONSE**

	Very Favourable	Somewhat Favourable	Somewhat Unfavourable	Very Unfavourable	Don't Know
a)Competent Authority					
b)Advance Pricing Arrangements in general					
c)European Union Arbitration					
d)Audit Appeals					
e)Litigation through the courts					
f)USA Alternative Dispute Resolution					

ONLY ASK 4, 4a OF THOSE RESPONDENTS WHO ANSWER YES TO QUESTION 1 SECTION 2



4. Based upon what you know or have heard, what is your overall impression of the APA program offered by CCRA? Do you have a very favourable, somewhat favourable, somewhat unfavourable or very unfavourable impression of the APA program?

Very Favourable	
Somewhat Favourable	
Somewhat Unfavourable	
Very Unfavourable	

- 4a. Can you tell me why you say that?

5. In your opinion, what is, or what would be, the benefits of an Advance Pricing Arrangement APA for your clients? **[DO NOT READ LIST. RECORD FIRST AND SUBSEQUENT MENTIONS]**

	<u>FIRST MENTION</u>	<u>OTHER MENTIONS</u>
Certainty of treatment by tax authorities	<input type="checkbox"/>	<input type="checkbox"/>
Avoidance of double taxation	<input type="checkbox"/>	<input type="checkbox"/>
Reduced audit defence costs in the future	<input type="checkbox"/>	<input type="checkbox"/>
Peace of mind and comfort for senior executives	<input type="checkbox"/>	<input type="checkbox"/>
Avoidance of controversy / legal challenges	<input type="checkbox"/>	<input type="checkbox"/>
Avoidance of reassessments and penalties	<input type="checkbox"/>	<input type="checkbox"/>
Ability to use APA to clear up problems from previous audits	<input type="checkbox"/>	<input type="checkbox"/>
Other (specify): _____	<input type="checkbox"/>	<input type="checkbox"/>

- 6.



In your opinion, what would be the drawbacks or disadvantages of an Advance Pricing Arrangement APA for your clients? **[DO NOT READ LIST. RECORD FIRST AND SUBSEQUENT MENTIONS]**

	<u>FIRST MENTION</u>	<u>OTHER MENTIONS</u>
Providing too much information to the tax authorities	<input type="checkbox"/>	<input type="checkbox"/>
Takes too long to obtain approval	<input type="checkbox"/>	<input type="checkbox"/>
Too costly to obtain approval	<input type="checkbox"/>	<input type="checkbox"/>
Loss of confidentiality of company data / information	<input type="checkbox"/>	<input type="checkbox"/>
Too much on-going annual reporting required	<input type="checkbox"/>	<input type="checkbox"/>
The APA is an adversarial approach	<input type="checkbox"/>	<input type="checkbox"/>
The APA emphasizes theoretical and not practical transfer pricing methodologies	<input type="checkbox"/>	<input type="checkbox"/>
The uncertainty of securing an APA	<input type="checkbox"/>	<input type="checkbox"/>
Providing information that could be used 'against' the client in future audits	<input type="checkbox"/>	<input type="checkbox"/>
Other (specify): _____	<input type="checkbox"/>	<input type="checkbox"/>



7. There are a number of potential benefits for a company using an APA. Could you please tell me how important each of the following benefits would be to your clients. Please indicate on a 1-10 scale where 10 means it is very important and 1 means it is not important at all. . The numbers in between represent varying degrees of difference. **READ & ROTATE LIST.**

[ROTATE LIST]	Not important at all					Very Important				
	1	2	3	4	5	6	7	8	9	10
Certainty of treatment by CCRA and foreign tax authorities	1	2	3	4	5	6	7	8	9	10
Avoidance of double taxation	1	2	3	4	5	6	7	8	9	10
Reduced audit defence costs in future	1	2	3	4	5	6	7	8	9	10
Peace of mind and comfort for senior executives	1	2	3	4	5	6	7	8	9	10
Avoidance of controversy/ legal challenges	1	2	3	4	5	6	7	8	9	10
Avoidance of reassessments and penalties	1	2	3	4	5	6	7	8	9	10
Satisfies requirements under section 247 of Canadian Income Tax Act	1	2	3	4	5	6	7	8	9	10
Ability to use APA to clear up problems from previous audits	1	2	3	4	5	6	7	8	9	10



8. Based upon what you know or have heard, please indicate the extent to which you agree with each of the following statements as it relates to the APA program offered by Canada Customs & Revenue Agency. Do you agree strongly, agree, neither agree nor disagree, disagree, disagree or disagree strongly with the following statements. **[ROTATE LIST]**

Statements	Agree strongly	Agree	Disagree	Disagree Strongly	No response/ Don't know
The APA is an adversarial approach for the resolution of international transfer pricing issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The APA program provides complete confidentiality of company information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The APA process takes much too long to complete	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The APA is geared primarily to the elimination of potential double taxation between Canadian taxpayers and their foreign related entities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
One of the main benefits of the APA program is the "certainty of treatment" that it provides organizations both for domestic and, if applicable, bilateral APA requirements of participating tax jurisdictions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
An effective APA program would assist Canada's efforts in attracting economic investment and development.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I would generally recommend the APA program to my clients.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The APA program is only of use / value for very large companies.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

9. Based upon what you have heard or know, how many months does it take to obtain an approved APA?

_____ months

10. How many months would you expect it should take to obtain an approved APA?

_____ months

11. Based upon what you have heard or know, what is your estimate of the cost of obtaining an approved APA? (This cost estimate should include both internal and external costs.)

\$_____



12. What would you expect that it should cost to obtain an approved APA?

\$ _____

13. The current practice of the Agency while undertaking the travel necessary to pursue an APA is to follow the user pay principle and bill the applying company those expenses. Do you approve or disapprove of this practice?

- Approve
- Disapprove
- Don't Know

14. Once an APA is approved would you like to see the terms and conditions of the APA applied to cover previous years?

- Yes
- No **GO TO Q. 16**

15. How many previous years should the terms and conditions of an APA be applied to?

_____ years

16. Which of the following statements regarding the benefits of an APA program with CCRA is closest to how you personally feel? **ROTATE AND READ EACH STATEMENT**

An APA program mainly benefits the taxpayer	
An APA program mainly benefits CCRA	
An APA program provides benefits to both the taxpayer and CCRA equitably	



SECTION THREE - MISCELLANEOUS

1. I would like you to think about large sized Canadian companies, say those that are included in the Top 1000 Financial Post list. Are any of these companies clients of your firm in your office location?

Yes

No **GO TO QUESTION 5**

- 1a. Approximately how many of these large companies would that be?

_____ large companies

2. Of these large clients, can you tell me approximately how many have international transfer pricing issues?

3. Of these large clients, can you tell me how many currently use an APA or have applied for an APA?

4. Of these large clients, can you tell me how many might apply for an APA within the next few years?

5. I would like you to think about medium-sized Canadian companies, say those that are between having 100 employees and those included in the Top 1000 Financial Post list. Are any of these medium-sized companies clients of your firm in your office location?

Yes

No **GO TO QUESTION 9**

- 5a) Approximately how many of these medium sized companies would that be?

_____ medium sized companies

6. Of these medium-sized clients, can you tell me approximately how many have international transfer pricing issues?

7. Of these medium-sized clients, can you tell me how many currently use an APA or have applied for an APA?



8. Of these medium-sized clients, can you tell me how many might apply for an APA within the next few years?

9. Generally speaking, would you recommend an APA to a large company with international transfer pricing issues?

Yes

No

Would Depend

9a). Can you tell me why you say that?

10. Generally speaking, would you recommend an APA to a medium-sized company with international transfer pricing issues?

Yes

No

Would Depend

10a). Can you tell me why you say that?



SECTION FOUR – Basic Data:

I would like to ask you some questions about your firm for statistical purposes.

1. How many professional tax advisors are there in your firm in Canada?

2. How many professional tax advisors are there in your own office location?

**THAT IS ALL THE QUESTIONS THAT I HAVE FOR YOU TODAY. THANK YOU FOR YOUR TIME
AND ASSISTANCE.**