

**AT RECEPTION / SECRETARY**

Good morning/afternoon/evening, my name is \_\_\_\_\_ of Northstar Research Partners, an independent market research firm. We are currently conducting a study with selected executives 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 corporate tax strategies and procedures. That is, I would like to speak to one of the senior executives in your organization who is responsible for making decisions regarding taxes. That might be either your Vice President of Tax, Director of Tax, Tax and Insurance Director or Manager, CFO or Controller. 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 executives on behalf of the Canada Customs and Revenue Agency, formerly called Revenue Canada. We are interested in speaking to the senior executive in your organization who is responsible for, or directly involved in making decisions regarding international taxation. We will not identify your individual responses to anyone, including the sponsor of the project, the Agency. We are not asking for any confidential information about your company. We are simply interested in your opinions.

Are you such a person?

Yes  No  **IF NO, ASK FOR THE NAME OF ONE DECISION MAKER AND RECORD BELOW**

Decision Maker \_\_\_\_\_ **ASK TO SPEAK TO THAT PERSON REPEAT INTRODUCTION**

Is international transfer pricing an issue that faces your company? In other words, do you have cross border transactions with non-arms length organizations?

Yes  No  **IF NO, THANK AND TERMINATE. RECORD INCIDENCE**

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?

\_\_\_\_\_



**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 organization in the next 1-2 years. The numbers in between represent varying degrees of difference. **READ & ROTATE LIST.**

<b>[ROTATE LIST]</b>	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 company?

Growing in importance	
Staying the same	
Declining in importance	

3. Which of the following best describes how transfer pricing is treated within your organization. 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. You indicated earlier that your organization has cross border transactions with non-arms length organizations. In which countries do you have these cross border transactions?  
**ACCEPT MULTIPLE RESPONSES. DO NOT READ LIST**

USA	
UK	
Australia	
Japan	
Germany	
Other (specify)	
Other (specify)	

5. 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 are to your company in establishing its 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									
	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10
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

6. Has your company's transfer pricing ever been the subject of an audit / examination by any tax authority?

Yes

No  **GO TO SECTION 2**

7. Has your company suffered any double taxation as the result of an audit or examination of your transfer pricing by any tax authority?

Yes

No



**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 the Agency?

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? **DO NOT READ. ACCEPT ALL MENTIONS**

CCRA (Revenue Canada) personnel	
Outside Tax Advisors (Lawyers, Accountants)	
Friend / Associate / Peer	
Reading CCRA Material	
Seminar / Conference	
Parent company	
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**

	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					

**IF RESPONDENT ANSWERS NO TO Q 1 AND “DON’T KNOW” TO Q 3b, THEN GO TO Q8**



4. For each of the following dispute resolution methods, would you tell me (a) whether your company has used, or applied to use, the method in the past and (b) whether your company would consider using the method in the future. **ASK ALL RESPONDENTS BOTH QUESTIONS UNLESS THEY RESPOND “DON’T KNOW IN Q 3 ABOVE”**

Method	(a) Yes Have Used In Past / or applied to use	(b) Yes, Would Consider Using In Future
a)Competent Authority		
b)Advance Pricing Arrangement (APA)		
c)European Union Arbitration Convention		
d)Audit appeals		
e)Litigation through the courts		
f)USA Alternative Dispute Resolution		

**ONLY ASK QUESTIONS 5,6,7, IF RESPONDENT ANSWERS YES IN QUESTION 1 SECTION 2**

5. 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	

6. Can you tell me why you say that?

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7. Thinking of the outside tax advisors who provide your company with its main source of tax advice, what is their overall impression of the APA program offered by CCRA? Do they have a very favourable, somewhat favourable, somewhat unfavourable or very unfavourable impression of the APA program?

Very Favourable	
Somewhat Favourable	
Somewhat Unfavourable	
Very Unfavourable	
Do not use outside tax advisor	
Don't Know What They Think	



8. In your opinion, what is, or what would be, the benefits of an Advance Pricing Arrangement APA for your company? **[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"/>



9. In your opinion, what would be the drawbacks or disadvantages of an Advance Pricing Arrangement APA for your company? **[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"/>
Uncertainty of securing an APA	<input type="checkbox"/>	<input type="checkbox"/>
Providing information that could be used “against” company in past and future audits	<input type="checkbox"/>	<input type="checkbox"/>
Other (specify): _____	<input type="checkbox"/>	<input type="checkbox"/>

10.





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 company. 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
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	



11. Based upon what you know or may 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 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 recommend the APA program to other companies.	<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"/>

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

\_\_\_\_\_ months

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

\_\_\_\_\_ months

14. 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.)

\$\_\_\_\_\_



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

\$ \_\_\_\_\_

16. 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 for those expenses. Do you approve or disapprove of this practice?

- Approve
- Disapprove
- Don't Know

17. 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. 19**

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

\_\_\_\_\_ years

19. 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. Which of the individuals / groups would you rely upon the most to give you advice about using the APA program? **ACCEPT ONE RESPONSE ONLY**

- CCRA officials
- Outside Tax Lawyers
- Outside Tax Accountants
- Business Associates / Peers
- Professional Tax Associations
- Your parent company
- Your subsidiary company

2. How likely would it be that your company might apply for an APA within the next few years? Is it .... **READ LIST**

- Very likely
- Somewhat likely
- Not very likely
- Not likely at all

3. Can you tell me why you say that?
-

**SECTION FOUR – Basic Data:**

1. What sector of the economy is your business mainly in? **READ LIST. ACCEPT ONE RESPONSE**

Resources	
Financial Services	
Pharmaceuticals	
Manufacturing	
Utilities	
Communications	
High Technology	
Distribution	
Other (specify)	

2. How many employees are there in your company? \_\_\_\_\_

3. Is your company a private or public company?

Public   
Private

4. Is the Canadian operation of your company the parent company or a subsidiary of a multinational company?

Parent Company   
Subsidiary

5. Can you provide me with a rough estimate of your company's total annual revenues in Canada for 1999? \$ \_\_\_\_\_

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

