UNITED STATES COUNCIL FOR INTERNATIONAL BUSINESS

September 6, 2013

VIA EMAIL

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Re: USCIB Comments on the OECD's Draft Handbook on Transfer Pricing Risk Assessment

Dear Mr. Saint-Amans,

This letter is in response to the request for comments on the OECD's Draft Handbook on Transfer Pricing Risk Assessment (the "Draft Handbook"). The United States Council for International Business[1] ("USCIB") commends the OECD for tackling this complex issue and seeking to improve the efficiency and quality of transfer pricing audits, particularly for developing countries, by focusing on ways to streamline the audit process based on up front risk assessment analysis. Both taxpayers and taxing authorities agree that focusing transfer pricing audits on key issues curtails unnecessary and excessive costs that are often incurred when transfer pricing audits are improperly focused.

USCIB believes that cooperation on both sides to achieve a fuller understanding of relevant facts, industry standards, and financial considerations before making a decision to undertake an audit would enhance the process greatly. It could also help to avoid engaging in onerous information gathering at the outset of the relationship to the detriment of both the taxpayer and the tax administration. Thus, a carefully crafted Handbook on risk assessment has the potential to conserve resources for both governments and taxpayers. USCIB believes the Draft Handbook represents a good start toward achieving these important goals.

USCIB intends to provide detailed comments on the recently issued OECD White Paper on Transfer Pricing Documentation. As a preliminary matter USCIB would like to observe that the White Paper

[1] USCIB promotes open markets, competitiveness and innovation, sustainable development and corporate responsibility, supported by international engagement and prudent regulation. Its members include top U.S.-based global companies and professional services firms from every sector of our economy, with operations in every region of the world. With a unique global network encompassing the International Chamber of Commerce, the International Organization of Employers and the Business and Industry Advisory Committee to the OECD, USCIB provides business views to policy makers and regulatory authorities worldwide, and works to facilitate international trade and investment.

appears to expand the existing documentation requirements in order to meet the information needs of the risk assessment process. While we agree that it is important to consider the purpose behind documentation requirements and that some redesign of the documentation requirements may ultimately be necessary in order to facilitate a proper risk assessment, we are concerned that the new documentation required for risk assessment will simply result in additional documentation rather than simplifying and reducing the documentation burden.

This letter outlines some issues that USCIB believes are crucial to achieving the stated goals of the Draft Handbook and therefore improving the efficiency of transfer pricing audits.

General Comments

The Draft Handbook clearly states the objective to enforce transfer pricing rules while recognizing that tax administrations operate with finite resources and therefore use a risk assessment to make decisions about how to most effectively deploy the available enforcement resources. However, in many places the Handbook seems to lead to the conclusion that a risk assessment leads to an audit in most all cases when dealing with relatively large companies or transactions. This is not a correct conclusion since many large companies enjoy transparent, compliant long-term relationships with tax administrations that are by their nature low risk. We therefore think that the Handbook should avoid giving the perception that a large company or large transaction is always high risk. Instead, the Handbook should focus at the outset on things like the historical relationship with the taxpayer, the complexity of the transaction, and uncertain tax rules.

Also, in order to be as helpful as possible to tax authorities when prioritizing cases for audit the Handbook should also place more focus on examples of low risk behavior or factors including a strong compliance culture, high quality documentation, stable operations and having a history of transfer pricing audits which resulted in no or minimal additional assessments or where effective resolution was achieved in prior audits that carry-forward into current examination periods.

The Draft Handbook would also be improved by being much clearer in suggesting ways to make a risk assessment an efficient process that is light on resources. A risk assessment should be less intensive than an audit. It is a preliminary step to deduce whether an audit is necessary. As such, risk assessments should concentrate on readily available information and dialog with the taxpayer. However, in some cases the Draft Handbook seems to recommend information gathering approaches that are more intensive than many transfer pricing audits and could be impractical for many developing markets with limited resources. For example, Chapter 4 suggests tax authorities look at collecting data on group operations via exchange provisions in the tax treaties and undertake extensive research using the internet, press or analyst's reports. It would be helpful to emphasize that these are potential additional sources of information which could be used where other data is unavailable or where a preliminary review suggests there is a high risk and further analysis would be useful.

The importance of understanding the taxpayer's business and the need for dialogue

The first step in transfer pricing risk assessment ought to be taking stock of the taxpayer's business including: how the business generates profit, the corporate culture, the supply chain, and the legal environment in which it operates. The tax administration should also assess the historic relationship with the taxpayer. If the taxpayer has been compliant with a history of clean audits and the facts on the ground have not changed, this signals low risk. The Handbook should clearly state this.

The introduction to the Draft Handbook raises the importance of making "a serious effort to understand the taxpayer's business and how that business generates profit". [2] This concept seems, however, to be overshadowed by the focus of the body of the Draft Handbook on the detailed aspects of the actual risk assessment. It is critical that the risk assessment team begin with a good understanding of the big picture aspects of the business, including the taxpayer's attitude towards compliance, disclosure, and cooperation, before proceeding to a narrower assessment of transfer pricing risk. The Draft Handbook should make this point more emphatically.

The taxpayer's transfer pricing documentation is a good starting place for the tax authorities. As the Draft Handbook points out "many taxpayers seek to comply with transfer pricing rules" and in the process of doing so "prepare accurate intercompany agreements reflecting the manner in which they conduct their business… [and] clear transfer pricing documentation that describes their material cross border transactions, and describes in appropriate detail the functions, risks, and assets of various parties to those transactions".[3] It is often frustrating for taxpayers to spend the resources necessary to prepare this documentation and be required to allocate additional resources and personnel to address queries from the tax auditors when the content of the queries suggests that the auditor has neither read nor understood that documentation. To the extent that the Draft Handbook can be taken as an endorsement of documentation as a starting point, we applaud that view. While transfer pricing documentation is a good, if not critical, starting point for the risk assessment process, and an indication of how arm's length parties behaved, it is not a substitute for dialogue. A cooperative dialogue between the taxpayer and tax authority at the risk

[2] Draft Handbook paragraph 5.
[3] Draft Handbook paragraph 7.

assessment stage regarding the taxpayer's business, industry and growth model taken together with documentation, will enhance transfer pricing risk assessment and ultimately, the productivity and quality of the audit, if an audit is considered necessary. Such a cooperative dialogue likely will create a level of trust that is helpful to achieving a good result for everyone.

When tax authorities commence audits with little knowledge of the taxpayer, its industry, and the level of the industry at which the taxpayer operates, there will invariably be conflict and poor results. Tax authorities may develop and rely on comparables, in the absence of a full and complete understanding of the taxpayer's business including how it functions within a particular industry and within its own multinational group. Less than complete understanding of the business and industry by the tax authorities invariably affects its identification and selection of comparables and may result in undue emphasis being placed on, say, profitability (or lack thereof). Experience has shown that a more cooperative approach (whether through a formal enhanced engagement program or not) and better fact development will inevitably lead to better results.

USCIB strongly supports the early intervention of specialists in the risk assessment process, while recognizing that for developing countries this may not always be feasible.[4] The inclusion of representatives from the IRS National Transfer Pricing Practice with the audit team has generally improved the focus of the audit and data requests have been more focused, reasonable and relevant. Similar improvements have been noted in the UK, Germany, Canada, and various other jurisdictions organized in this manner. Inclusion of specialists has: improved the dialogue with taxpayers, eased the frustrations of mass discovery requests, resulted in more practical resolutions, and fostered the needed upfront, informal dialogue that allows for a better understanding of the taxpayer's business, role, and industry.

USCIB applauds the Draft Handbook's recommendation regarding the preparation of a risk assessment report and believes that these reports ought to be shared with taxpayers at the risk assessment stage so that any misunderstandings about the taxpayer's business or relevant facts can be corrected at the outset. This is discussed in more detail in the specific comments of this comment letter. Sharing of the risk assessment report is most helpful as early as possible in the process. Ideally, an informal discussion of a possible risk assessment earlier in the process to identify areas of misunderstanding, agreement, disagreement, and the reasons for disagreement is recommended. This would allow for a more cooperative and accurate understanding of transfer pricing risk, before the assessment report is finalized and likely will lead to more agreed cases. In many countries, once a position has been articulated in

[4] Chapter 5 of the Draft Handbook (paragraphs 140 and 141) suggests the addition of specialists to the risk assessment team.

writing by the audit team, it may be very difficult to deviate from the position, regardless of its strength. Moreover, there may be a general reluctance at this late stage to acknowledge a misunderstanding of the facts. USCIB recommends that the Handbook include language to emphasize the importance of early informal discussion of the preliminary risk assessment.

The tone of the Draft Handbook

USCIB is concerned that the Draft Handbook creates a negative and skeptical view of the taxpayer that could lead to inefficiencies from increased audits and could create misunderstanding at the risk assessment stage. This is particularly troublesome because the audience for this Handbook is developing countries that may have less experience with transfer pricing. The Draft Handbook repeatedly refers to base eroding payments[5] and, despite acknowledging that payments must be made when value is provided to a related party[6], seems to raise questions with respect to all deductible payments. Such skepticism seems misplaced and overbroad and could lead to unnecessary and costly diversions of resources. Most deductible payments (rents, royalties, interest, or service fees) are required to compensate the other party to the transaction for use of assets or the performance of services. While deductible payments certainly reduce the tax base, it is unnecessarily pejorative to consistently refer to base erosion. The mere existence of deductible payments should not alone be presumed to create transfer pricing risk. Rather such payments must be looked at in context and evaluated based on the surrounding criteria.

For example, paragraph 9 purports to focus risk assessment on taxpayers that do not exhibit "transparent compliance," an appropriate focus for transfer pricing risk assessment. The second and fourth sentences of this Section suggest, however, that taxpayers that "shift income into jurisdictions where it will be lightly taxed" or that "engage in transactions that are designed to erode" the tax base are engaged in non-transparent or non-compliant behavior. We strongly disagree. All international transactions produce income in two or more jurisdictions, each with its own tax rate and tax incentives. Similarly, all international transactions result in economic activity in multiple jurisdictions and so "erode" the tax base of one or more jurisdictions. These results are not only appropriate, but unavoidable. Their mere existence does not reflect that a taxpayer is non-compliant or non-transparent.

The Draft Handbook also repeatedly refers to large outbound payments and small inbound payments. The Draft Handbook also relies on a number of undefined terms or terms that defy interpretation. The words “large” and “small” do not have meaning in isolation and the notion of different standards for inbound

[5] Draft Handbook paragraphs 9, 27, 28, 30, 37, 38, 72, 74 and 76.
[6] Draft Handbook paragraph 22.

and outbound payments is troubling. We recommend that “disproportionate” would be a better term and the notion of disproportion could be expanded upon.[7]

Chapter 3 of the Draft Handbook focuses on assessing when transfer pricing risk exists. It identifies three main areas of concern, including risk from (1) recurring transactions, (2) large and complex one time transactions; and (3) taxpayer behavior, in governance, tax strategies or ability to deliver compliance. The Draft Handbook also states that indications of profitability or lack thereof, effective tax rate, and comparative profits of related parties are also key criteria for review. While these transactions and criteria should be considered in the course of risk assessment, USCIB members are concerned that the Draft Handbook’s identification of these items for scrutiny implies that they are necessarily inappropriate. The legal standard in all cases must be the arm’s length standard and although these criteria may indicate transfer pricing risk, they do not establish non-arm’s length behavior. Any indication in the Draft Handbook that risk necessarily requires an adjustment is harmful to a fully cooperative audit. USCIB members believe that the tone of the Draft Handbook will lead to such a correlation, particularly for multinational enterprises which, under these criteria, will in virtually all cases have items that are identified as indicating transfer pricing risk. This does not lend itself to better allocation of resources.

Scope of the Audit

The Draft Handbook in several places suggests that once a decision is taken to conduct a transfer pricing audit, that audit is necessarily a thorough and comprehensive one. Both tax administrations and taxpayers understand that a deep dive audit is not always required. The risk assessment process may identify only one or two issues on which the audit team ought to focus. The risk assessment process also ought to be iterative, with risk being regularly re-assessed after the audit has commenced. The audit will uncover more and better information and that additional information may affect the underlying risk analysis, possibly eliminating issues or raising new ones. This should be more explicitly highlighted in the Handbook.

Defining the Process: Prelude to an Audit or Audit Work

A threshold issue is whether the activities related to risk assessment are “audit” activities or a pre-audit screening exercise? The Draft Handbook suggests the latter. Paragraph 12 of the Draft Handbook

[7] For example, see Draft Handbook, paragraph 28 (“large”), paragraph 47 (“low”), and paragraph 59 (“fair share”). If transfer pricing documentation requirements are to be expanded to include information related to risk assessment as discussed in the OECD White Paper, then fair and neutral language together with better defined terms will be critical. Also,in various places the Draft Handbook seems to use shorthand to refer to complex concepts from other ongoing or completed OECD work. This can be misleading because the context and content of the other reports cannot be fully or properly incorporated with shorthand references.

provides: “All activities described in this Handbook should be separately understood from those performed during an audit process…”. If risk assessment activities are not part of the audit, then it is likely that many of the traditional legal protections provided to taxpayers during an audit would not apply. For example, whether any protection would be afforded to information provided by the taxpayer during risk assessment activities would be an open question.

Typically, domestic tax statutes contain specific provisions regarding the power to audit and to obtain information; they also address the scope of the taxpayer’s obligation to provide information and the confidentiality of the information provided. Other the other hand, activities related to a “screening” process may not constitute an audit or audit activity as envisioned under the tax statute, so the rules applicable to this screening process may be unclear. The issue also carries over to treaty exchanges; often the scope of information required to be obtained and provided is defined by reference to what is obtainable under domestic law. This is even more important because of the Draft Handbook seems to envisage at least the possibility of a very in depth inquiry. For all of these reasons, USCIB believes it is important to clarify this issue.

Specific Comments on Chapter 1: Introduction to Transfer Pricing Risk Assessment

Paragraph 1: This section focuses exclusively on the finite resources available to tax administrations. It is important for tax administrations to consider that taxpayer resources are similarly finite. Taxpayers may face expensive and time-consuming audits in multiple jurisdictions. Those audits may apply different and conflicting substantive transfer pricing standards. An exam team's transfer pricing adjustment may not survive local administrative or judicial review. Access to competent authority processes for the relief of double taxation is sometimes limited and, if available, is also time-consuming and expensive.

Paragraph 3: In assessing whether to commence an audit, tax administrations should consider not only whether an adjustment would be sustained through the MAP process, but also whether an adjustment would be sustained through local administrative and judicial proceedings.

Paragraphs 5, 12 and 13: These paragraphs seem to suggest that, once a transfer pricing audit begins, it is a deep, detailed, comprehensive and conclusive process. Certainly, a deep audit may be appropriate, but the Handbook should more clearly state that a deep audit is only one option. Scarce tax administration and taxpayer resources may be used most effectively in less intensive, narrower audits. Some audits may produce transfer pricing adjustments while others will not. Some taxpayers have significant and challenging transfer pricing issues while others do not. An effective transfer pricing risk assessment will establish not only whether to conduct an audit, but:

- The expected scope of that audit (narrow or broad);
- Its depth (a few confirming questions or a complete and comprehensive review); and
- Internal review procedures for assessing the effectiveness of the risk assessment and modifying or terminating the transfer pricing audit.

In short, the risk assessment process should be iterative, where the initial assessment may be revised or revoked in appropriate circumstances.

Paragraph 10: This paragraph suggests that an audit should be conducted where "reasonable people could differ over whether their transfer prices are arm's length." We would submit that, if reasonable people could differ, this would be a contra-indicator for audit. That is, if the transfer price is within a range of prices that both parties agree is reasonable, then this should be an indication that an audit is not necessary. A transfer pricing risk assessment should attempt to identify transactions involving clear and quantifiable mis-pricing.

Paragraph 18: We agree that a specialized team of transfer pricing experts -- with inter-disciplinary skills -- should be directly involved in, if not responsible for, assessing transfer pricing risk. We would add that industry expertise, particularly for industries involving significant capital or intangible ownership or utilization, is often critically important to transfer pricing risk assessment. Significant tax administration and taxpayer resources are spent on false leads based on an audit team's misunderstanding of the taxpayer or its industry.

Specific Comments Regarding Chapter 2: Questions to be Answered in a Transfer Pricing Risk Assessment Process

Paragraphs 28 and 30: These paragraphs and others list transactions that raise base erosion concerns. Tagging a particular type of transaction as creating transfer pricing risk creates dangers both for audit teams and for taxpayers. Audit teams may choose not to review other transactions -- even basic product sales -- that may involve mispricing. Taxpayers in industries where listed transactions predominate may face continuous and unwarranted audit activity. This has in fact occurred in the past, when certain tax administrations have simply disallowed deductions for specified types of transactions. We suggest deleting this emphasis on particular transactions.

Paragraph 29: The last sentence of this paragraph says consistency of the MNE's global policies regarding such transactions should be considered. We strongly agree with this notion, but suggest the addition of language explaining that tax administrations sometimes apply inconsistent transfer pricing and other standards to determine inter-company prices and that taxpayers' deference to these competing policies should not be flagged as a transfer pricing risk.

Paragraphs 32 and 33: While a cost-benefit analysis may be perfectly sensible for assessing transfer pricing risk, these provisions effectively ensure that large multinational companies will be audited and that smaller companies will not. If the goal of the Draft Handbook is to focus attention on larger taxpayers, this could be accomplished through a much shorter and more direct approach. We do not believe, however, that this would be sensible as an overall risk assessment strategy. This would reduce the audit risks of non-compliance among small- and medium-sized companies and create an uneven playing field in tax enforcement.

Specific Comments on Chapter 3: Assessing When Transfer Pricing Risk Exists and When it Does Not

Paragraph 41: This paragraph suggests that transfer pricing risks arise from payments being "large" or "small." These are relative terms and, in the absence of substantial additional information about the controlled transactions, say little if anything about pricing for the transaction.

Paragraph 42: This paragraph focuses transfer pricing risk assessment on the structure of the taxpayer's organization and in particular on "conduit" arrangements. Holding company arrangements are routinely entered into for valid business reasons, including management, financing, asset protection and other reasons. Such structures suggest nothing about transfer pricing risk. Moreover, the term "conduit" may have a specific and potentially pejorative meaning in some jurisdictions. We suggest that the Handbook include this fact so that it does not give tax administrations the wrong idea about holding company arrangements, for example. If examined, the first step should be to understand the business rationale for the structure.

In addition, the paragraph suggests that tax administrations focus on a company's "likely" tax attributes. It would be more constructive to focus on a company’s *actual* tax attributes.

Paragraph 44: We agree that it is appropriate to focus attention on one-time restructurings. This Section also should make clear that the results of such transactions from past years should be respected in evaluating later-year transfer prices.

Paragraph 46: This section states that the "business sector" of a taxpayer is an important factor in assessing the importance of a "lack of cooperation or a low level of compliance." It is not clear to us what relevance the "business sector" has as a factor for risk. We suggest either elaborating on this point or deleting it entirely.

Paragraphs 48-51: Quantifying the amount of tax at risk at the risk assessment phase is a crucial part of case selection process. We suggest, however, that the Handbook recommend that risk assessors not be compensated or otherwise incentivized based on the size of the proposed adjustment. Compensating risk assessors on the size of the purposed adjustment encourages frivolous risk assessment adjustments.

Paragraph 53: This paragraph and following paragraphs say that an indicator of transfer pricing risk is that the taxpayer's financial results deviate from those of "industry standards or potential comparable companies." We suggest deleting references to "industry standards." A taxpayer's profits should be compared to those of companies with comparable assets, functions and risks. An industry standard analysis ignores that basic transfer pricing framework and is likely to lead to numerous false positives (and false negatives) for transfer pricing risk assessment.

Paragraph 57: It is not always true that a company facing greater risks earns a greater share of profits. Risks sometimes come to fruition, with the party at risk suffering losses. This should not necessarily influence the level of profitability for the related party. It would be helpful to add a caveat for this possibility.

Paragraph 58: The results for the group as a whole seem irrelevant to the arm's length results for the taxpayer being evaluated. Its specific assets, functions and risks must be considered.

Paragraph 61: This paragraph invites evaluation of realistic alternatives at the risk assessment stage. It seems unlikely that this would be a profitable expenditure of time and resources, since understanding the presence of such alternatives requires a deep understanding of the taxpayer. In addition, the realistic alternatives concept is not a well-accepted or understood concept.

Paragraph 65: This paragraph introduces the concept that a taxpayer may be negligent in not renegotiating a contract that currently produces low profits by industry standards. This is not an accepted concept for addressing arm's length transfer pricing. A contract is either binding or not. If, when consummated, it produces arm's length prices, its current results should be respected.

Paragraph 78: As we mentioned earlier in this comment letter, shorthand references to complex transfer pricing concepts may be misleading. Bundling of intangibles may be appropriate under the arm's length standard, but also may be inconsistent with arm's length standard. The statements in paragraph 78 attempt to condense what is a complex determination and may be perceived as modifying substantive rules. Because of the potential to create conflict with substantive provisions, this and other statements of substantive transfer pricing principles ought to be deleted.

Paragraph 80: In the first bullet, it should be made clear that the company being audited (and not a related company) must own the well-known brands.

Paragraph 88: We recommend that more factors be added to the low-risk factors list. For example, past experience from a compliance standpoint is a very good indicator of low risk. Meeting all disclosure requirements and producing high quality, contemporaneous transfer pricing documentation should be included as a low-risk indicator. A high level of transparency and regular open engagement with the tax authorities regarding transfer pricing should also be an indicator of low risk. In addition, if a taxpayer has a history of clean transfer pricing audits and some basic analysis during the risk assessment phase indicates that nothing has changed, then that taxpayer ought to be considered low risk. If effective resolution was achieved in prior audits that carry-forward into current examination periods, that should also be considered low risk.

Specific Comments on Chapter 4: Sources of Information for Conducting a Transfer Pricing Risk Assessment

Paragraphs 89-131: As an overall observation about Chapter 4, the information that the Draft Handbook suggests gathering for transfer pricing risk assessment may be quite extensive. It would be helpful to add some notion that these are the types of information that might be gathered, but that an effective risk assessment process would use the most readily available sources of information such as tax returns, documentation, financial statements and direct discussions with the taxpayer. Some of the other sources could be used if further information is deemed necessary for an accurate risk assessment. We also suggest adding to the list of available information one or more sources of information that would allow the risk assessor to understand the economic and legal environment of the tested party's country or region. This is most relevant where the tested party is not in the audit country.

Paragraph 94 and 97: We support the OECD's efforts to standardize information required for local reporting purposes and to simplify documentation compliance efforts more generally.

Paragraph 100: In practice, many tax administrations may disregard taxpayers' contemporaneous transfer pricing documentation. We suggest adding a provision here that encourages those responsible for transfer pricing risk assessment to start with a thorough evaluation and understanding of that documentation.

Paragraphs 113-114: These paragraphs should note that security analyst reports generally consider all of a multinational company's operations and not those of any individual subsidiary within the multinational.

Paragraphs 115-118: We strongly support the practices outlined in these paragraphs.

Paragraph 119: USCIB is concerned about the possible use of customs data to perform risk assessments. Transfer pricing under income tax laws and customs valuations are not harmonized. Despite the caveats in the Draft Handbook there is a substantial risk that tax administrators will simply rely on customs data as a substitute for arm's length analysis. We, therefore, think this paragraph ought to be deleted or the caveats on the use of customs data ought to be substantially strengthened.

Paragraph 129: This paragraph discusses the ability of tax administrations to obtain information directly from potentially comparable businesses and states that such authority "may be a useful tool". The Draft Handbook also notes that this authority is normally exercised "with certain restrictions." We read this as condoning the use of secret comparables. Business strongly objects to the use of secret comparables because of the basic procedural unfairness involved in their use. A business cannot rebut errors that result from the use of the secret comparable because the secrecy around the comparable means the business will not know that errors have been introduced to the comparability analysis. Thus, the use of secret comparables promotes error, makes disputes harder to resolve and should be avoided.

Specific Comments on Chapter 5: Risk Assessment Process - Selecting Cases for Transfer Pricing Audit

Paragraphs 132 through 142: We agree that a centralized process for transfer pricing risk assessment is desirable. This will help to ensure that fewer non-issues are flagged for audit, that fewer real issues are missed and that similarly situated taxpayers are treated similarly.

Paragraphs 137-139 and 147: Paragraph 147 suggests that the transfer pricing risk assessment report, described at paragraphs 137-139, should be shared with the taxpayers only where the tax administration seeks to establish a "cooperative relationship with taxpayers." We strongly recommend that the Handbook recommend sharing with the taxpayer the transfer pricing risk assessment in all circumstances. The taxpayer may be able to quickly resolve any misunderstandings. Alternatively, if an issue exists, the taxpayer will be able to respond more quickly to exam teams' requests for information.

Specific Comments on Chapter 6: Building Productive Relationships with Taxpayers - The Enhanced Engagement Approach

Chapter 6: We strongly support the overall tenor of Chapter 6 of the Draft Handbook. Enhanced engagement saves time, resources and costs and produces better outcomes. Tax administrations should be strongly encouraged to make available such cooperative programs, whether on a systematic or narrower basis. In this regard the language in paragraph 143 -- "may very well be sensible" -- should be replaced with stronger encouragement.

Sincerely,

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