

**DATE:** [Insert Date]

**TO:**

Board of Directors / Management Team

[Client Company Name]

[Company Address]

**RE:** Formal Opinion on Transfer Pricing Tax Position for [Fiscal Year]

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## **1. INTRODUCTION**

The purpose of this letter is to provide a formal tax opinion regarding the transfer pricing positions adopted by [Company Name] (the "Company") in relation to its intercompany transactions with [Related Party Name(s)]. This opinion evaluates whether the pricing of these transactions complies with the "Arm's Length Principle" as defined under [Insert Applicable Law/Regulation, e.g., Section 482 of the IRC or OECD Guidelines].

## **2. SCOPE OF REVIEW**

In forming this opinion, we have reviewed the following documentation:

- Intercompany service/sales agreements.
- Financial statements for the period [Insert Period].
- Current transfer pricing documentation and benchmarking studies.
- Organizational charts and functional profiles of the entities involved.

## **3. DESCRIPTION OF TRANSACTIONS**

[Insert brief description of the transactions, e.g., Sale of tangible goods, provision of management services, or licensing of intellectual property].

## **4. TRANSFER PRICING METHODOLOGY**

Based on the functional analysis, the [Insert Method Name, e.g., Transactional Net Margin Method (TNMM) or Comparable Uncontrolled Price (CUP)] has been selected as the most appropriate method to test the arm's length nature of the transactions. This selection is based on [Brief justification].

## **5. ANALYSIS AND BENCHMARKING**

Our analysis indicates that the profit level indicator (PLI) for the tested party is [Insert Percentage/Value]. This falls within the interquartile range established by the benchmarking study of comparable independent companies, which is between [Insert Range Lower Bound] and [Insert Range Upper Bound].

## 6. TAX POSITION AND OPINION

Based on the facts and documentation reviewed, it is our opinion that:

- The intercompany transactions are conducted in a manner consistent with the Arm's Length Principle.
- The transfer pricing documentation meets the contemporaneous requirements of [Insert Tax Authority].
- The likelihood of a significant tax adjustment regarding these specific positions is [Low/Remote].

## 7. LIMITATIONS

This opinion is based on the facts provided by the Company and the current tax laws as of the date of this letter. Should the underlying facts or applicable laws change, this opinion may no longer be valid.

Sincerely,

[Signature]

[Name of Partner/Tax Professional]

[Name of Firm]