

DATE: [Insert Date]

TO:

Board of Directors / Management Team

[Insert Client Name]

[Insert Address]

RE: Formal Tax Opinion - International Transfer Pricing Strategy

1. PURPOSE AND SCOPE

The purpose of this letter is to provide a formal tax opinion regarding the international transfer pricing strategy of [Company Name] and its subsidiaries (the "Group"). This opinion evaluates whether the intercompany transactions described herein comply with the "Arm's Length Principle" as defined by the OECD Transfer Pricing Guidelines and relevant local tax jurisdictions, including [List Specific Countries, e.g., Section 482 of the US IRC].

2. DESCRIPTION OF INTERCOMPANY TRANSACTIONS

Based on documentation provided by Management, we have reviewed the following controlled transactions:

- [Transaction 1: e.g., Sale of tangible goods from Entity A to Entity B]
- [Transaction 2: e.g., Provision of management services from HQ to Subsidiaries]
- [Transaction 3: e.g., Licensing of intellectual property/royalties]
- [Transaction 4: e.g., Intercompany financing and interest rates]

3. TRANSFER PRICING METHODOLOGY

To determine the arm's length nature of these transactions, we have applied the following methodology:

- **Selected Method:** [e.g., Transactional Net Margin Method (TNMM) / Comparable Uncontrolled Price (CUP)]
- **Tested Party:** [Insert Entity Name]
- **Profit Level Indicator (PLI):** [e.g., Operating Margin / Berry Ratio]

4. ECONOMIC ANALYSIS AND BENCHMARKING

We performed a benchmarking study using the [Insert Database Name] database. Our analysis identified [Number] comparable independent companies. The interquartile range of arm's length returns was determined to be [X]% to [Y]%. The Group's current transfer pricing results in a return of [Z]%, which falls [within/outside] this range.

5. OPINION

Based on the facts presented and the economic analysis performed, it is our opinion that:

1. The transfer pricing methodology adopted by the Group is consistent with OECD guidelines.
2. The pricing of the analyzed transactions reflects an arm's length result.
3. The documentation maintained by the Group is sufficient to support its tax positions and mitigate the risk of significant transfer pricing adjustments or penalties by tax authorities.

6. LIMITATIONS AND ASSUMPTIONS

This opinion is based on the accuracy of the financial data and functional descriptions provided by the Group. Any changes in the business functions, assets, or risks (FAR) may require a revision of this opinion. This letter is intended solely for the use of the Group for tax compliance purposes and should not be relied upon by any other party.

Sincerely,

[Signature]

[Name of Partner/Director]

[Tax Advisory Firm Name]