



THE SYSTEM CFO SERIES
HINDOL DATTA

FREE ASSESSMENT

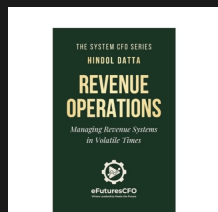
PILLAR 5: GOVERNANCE & GLOBAL STRUCTURE | TOOLKIT #29 OF 37

THE TRANSFER PRICING COMPLIANCE DIAGNOSTIC

*Pricing Intercompany Transactions
to Withstand Global Scrutiny*

20-Question Diagnostic | 5-Page Assessment

Score Your Organization 1-5 Across Four Dimensions
Identify Gaps and Build Your Action Plan



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QUESTIONS 1-5

Section A: Transfer Pricing Policy and Documentation

Do You Have a Transfer Pricing Policy — or Are You Making It Up Each Quarter?

Transfer pricing is the number one international tax risk for multinational organizations. Tax authorities worldwide are increasing scrutiny, sharing information, and pursuing adjustments aggressively. The System CFO builds a transfer pricing framework with documented policies, contemporaneous documentation, defensible methodologies, and consistent application — because the cost of non-compliance includes double taxation, penalties, and reputational damage.

A. TRANSFER PRICING POLICY AND DOCUMENTATION

1	A formal transfer pricing policy exists — documenting the methodology for pricing intercompany transactions across all categories (services, tangible goods, IP licensing, financing)	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
2	Transfer pricing documentation is contemporaneous — the organization prepares documentation at the time transactions occur, not retroactively when an audit is announced, meeting	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
3	The documentation includes functional analysis — roles, responsibilities, assets employed, and risks borne by each entity in intercompany transactions are analyzed and	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
4	Benchmarking studies support the pricing methodology — comparable transactions or companies are identified through database searches to demonstrate that intercompany prices fall	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
5	Master file and local file requirements are met — for organizations subject to OECD BEPS guidelines or local regulations requiring master file and local file	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best

SECTION A SCORE: Total: ____ / 25 Average: ____ / 5

QUESTIONS 6-10

Section B: Intercompany Transaction Execution and Monitoring

Are Your Actual Transactions Consistent with Your Transfer Pricing Policy?

Having a transfer pricing policy is necessary but insufficient — the policy must be followed consistently. Tax authorities compare documented policies against actual transaction data, and inconsistencies invite adjustment. The System CFO ensures that the finance team executes intercompany transactions according to the documented policy, monitors compliance throughout the year, and makes year-end adjustments only when necessary and supportable.

B. INTERCOMPANY TRANSACTION EXECUTION AND MONITORING

<p>6 Intercompany invoicing follows the transfer pricing policy — charges for services, licensing fees, and cost allocations are calculated and billed according to the documented methodology</p>	<p>1 Non-Ex</p>	<p>2 Ad Hoc</p>	<p>3 Dev</p>	<p>4 Estab</p>	<p>5 Best</p>
<p>7 Intercompany transactions are recorded consistently across entities — the charge recorded by the service provider matches the cost recorded by the recipient, with differences</p>	<p>1 Non-Ex</p>	<p>2 Ad Hoc</p>	<p>3 Dev</p>	<p>4 Estab</p>	<p>5 Best</p>
<p>8 Year-end transfer pricing adjustments are minimized — the organization prices transactions correctly throughout the year rather than relying on large year-end true-ups that draw audit</p>	<p>1 Non-Ex</p>	<p>2 Ad Hoc</p>	<p>3 Dev</p>	<p>4 Estab</p>	<p>5 Best</p>
<p>9 Transfer pricing outcomes are monitored against benchmarked ranges — the organization tracks whether actual intercompany pricing results fall within the arm's length range identified</p>	<p>1 Non-Ex</p>	<p>2 Ad Hoc</p>	<p>3 Dev</p>	<p>4 Estab</p>	<p>5 Best</p>
<p>10 Changes in business operations are reflected in transfer pricing — when entities' roles, risks, or functions change (e.g., through restructuring), the transfer pricing policy is</p>	<p>1 Non-Ex</p>	<p>2 Ad Hoc</p>	<p>3 Dev</p>	<p>4 Estab</p>	<p>5 Best</p>

SECTION B SCORE: Total: ____ / 25 Average: ____ / 5



QUESTIONS 11-15

Section C: Country-by-Country Compliance and BEPS Alignment

Are You Meeting the Evolving Global Requirements for Transfer Pricing Transparency?

The OECD BEPS project has transformed the transfer pricing landscape. Country-by-Country Reporting, the Pillar Two global minimum tax, and enhanced documentation requirements create new compliance obligations that affect organizations above defined revenue thresholds. The System CFO stays ahead of these requirements — understanding not just current obligations but anticipated changes in the global tax framework.

C. COUNTRY-BY-COUNTRY COMPLIANCE AND BEPS ALIGNMENT

11	Country-by-Country Reporting (CbCR) obligations are identified — the organization has evaluated whether it meets the revenue threshold for CbCR filing and, if so, prepares and files the	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
12	The impact of BEPS Pillar Two (global minimum tax) has been assessed — the organization has modeled whether any of its entities will face top-up tax obligations under the 15%	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
13	Permanent establishment risks are monitored — the organization evaluates whether its employees, agents, or activities in foreign jurisdictions create unintended permanent	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
14	Tax treaty benefits are applied correctly — the organization identifies and claims applicable treaty benefits for intercompany payments (interest, royalties, dividends) with	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
15	The organization monitors global transfer pricing developments — changes in regulations, enforcement priorities, and OECD guidance are tracked and evaluated for impact on the current	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best

SECTION C SCORE: Total: _____ / 25 Average: _____ / 5



QUESTIONS 16-20

Section D: Dispute Resolution and Risk Management

If a Tax Authority Challenges Your Transfer Pricing, Are You Prepared?

Transfer pricing audits are not a question of if but when for multinational organizations. The System CFO builds an audit defense posture that includes robust documentation, consistent positions across jurisdictions, access to specialist advisors, and an understanding of available dispute resolution mechanisms including mutual agreement procedures and advance pricing agreements.

D. DISPUTE RESOLUTION AND RISK MANAGEMENT

16	Transfer pricing risk exposure has been quantified — the organization has estimated the potential tax adjustment and penalty exposure for its material intercompany transactions	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
17	Advance Pricing Agreements (APAs) have been considered — for the highest-risk or highest-value intercompany transactions, the organization has evaluated whether seeking an APA would	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
18	Audit defense files are maintained — supporting documentation for each material intercompany transaction type is organized and accessible, including agreements, calculations.	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
19	Consistent positions are maintained across jurisdictions — the organization does not take conflicting transfer pricing positions in different countries that would create double	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
20	Specialist transfer pricing advisors are engaged — the organization has access to qualified transfer pricing expertise (in-house or external) for policy design,	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best

SECTION D SCORE: Total: ____ / 25 Average: ____ / 5

OVERALL ASSESSMENT SCORE
 Section A: ____ / 25 Section B: ____ / 25 Section C: ____ / 25 Section D: ____ / 25 TOTAL: ____ / 100 AVG: ____ / 5

GAP TO GOAL

Gap-to-Goal Action Plan

Bridging the Gap — Transfer Pricing Compliance Diagnostic

Transfer your five lowest-scoring questions. For each gap, define the target state, specific actions, owner, timeline, and success metric. Focus on highest-impact gaps first.

GAP #	Q REF	CURRENT	TARGET	SPECIFIC ACTION TO CLOSE GAP	OWNER	DEADLINE	METRIC
1	Q__	___/5	___/5	_____	_____	_____	_____
2	Q__	___/5	___/5	_____	_____	_____	_____
3	Q__	___/5	___/5	_____	_____	_____	_____
4	Q__	___/5	___/5	_____	_____	_____	_____
5	Q__	___/5	___/5	_____	_____	_____	_____

ASSESSMENT SUMMARY

Completed by: _____ Date: _____

Overall average score: ___ / 5 Items scored 1-2 (critical): ___

Items scored 3 (developing): ___ Items scored 4-5 (strong): ___

Top strength: _____

Most critical gap: _____

One action this week: _____

READY TO GO DEEPER?

This free assessment identified your gaps. The Premium System CFO Toolkits provide the frameworks, templates, and action plans to close them. Visit EfuturesCFO.com





READY TO GO DEEPER?

This Assessment Identified the Gaps. The Premium Toolkit Closes Them.

PREMIUM: The Organizational Finance Assessment Kit (46 Pages)

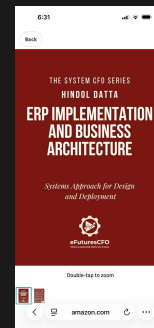
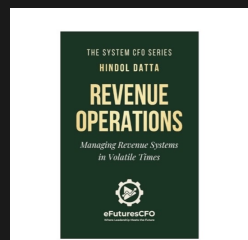
The full premium assessment kit includes comprehensive diagnostics across 16 finance domains including international tax, transfer pricing, and intercompany governance, with 300+ evaluation items and detailed remediation planning templates.

*Plus: Access the Super Exclusive 46-Page
System CFO Organizational Finance Assessment Kit*

ABOUT THE AUTHOR

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